

THE TIMES

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Labour may seek new controls

The Labour Party is considering proposals for wider-ranging "development contracts" which would extend planning controls to give future Labour governments a "crucial lever" to influence company policies in private industry. A new authority would be formed "to influence" decision-making. Meanwhile, the TUC has called for a £3,400m "revolutionary Budget" in March. Page 11

Inquiry into UDR killing

The police started an inquiry after a UDR patrol shot dead a young Roman Catholic in Armagh. The soldiers said they believed at first that he was armed, but no weapon was found. Page 2

Pakistan press curbed again

Press censorship in Pakistan has again been tightened, two weeks after President Zia ul-Haq introduced a partial relaxation when he inaugurated his Advisory Council. Newspapers in Sind province have been forbidden to publish political news or views. Page 6

Compromise on Belvoir

Ministers are expected soon to refuse to allow the National Coal Board to develop one of the three mines it wants to open in the Vale of Belvoir. A compromise has been reached after more than a year of internal government debate. Page 2

Last effort at EEC pact

After six months of discussions, Foreign Ministers from the EEC meet in Brussels today for what must be the last attempt to agree guidelines for the reform of Europe's budget and agriculture policy. Page 5

Europe to buy more Soviet gas

Disregarding United States warnings against increasing dependence on Soviet energy supplies, France and West Germany have agreed to buy large extra supplies of Siberian gas and other European countries seem likely to follow suit. Page 4

Sinai resistance

Jewish religious zealots have escalated their campaign against Israeli withdrawal from occupied Sinai by moving unopposed into the southern outpost of Sharm el Sheikh. The evacuation of the peninsula is, however, in full swing. Back page

Left candidate

Mr Terry Fields, aged 44, a militant left-wing fireman has been selected as the prospective candidate to fight the Liverpool Kirkdale seat at the next general election. Page 2

GP men banned

After Alain Prost, of France, won the South African Grand Prix in a Renault all but two of the 31 drivers in the race were suspended by the stewards. Page 19

Australia trail

West Indies took a 2-0 lead over Australia in the best-of-five World Series Cup cricket finals with a 125-run win in Melbourne. Richards (above) was their top scorer with 60. Page 19

Leader page 9

Letters: On Japanese arms, from Professor M. Morishima; protecting the public, from Mr E. Palamountain; diplomacy with Hoy Sec, from Mr G. Noel. Leading articles: Prospects for Labour Party unity; Korea. Obituary, page 10

Dr Eduardo Frei, Professor H. D. F. Kitto

Features, pages 6, 8: The price of food is due to rise again in Poland; Roger Boyes reports from Warsaw on the likely outcome; Ian Bradley reports on the impending constituency boundary changes.

Spending curb threatens to cut police by 5,000

By Peter Evans, Home Affairs Correspondent

Large cuts in police budgets are threatened in big provincial cities, which would undermine law and order, unless Government decisions on local government expenditure are changed.

Police authority leaders say that the options facing them include closing some police stations and a reduction of staff, however, by up to 5,000 people in six key forces.

The warning came from the Labour-controlled Association of Metropolitan Authorities, which represents the Greater London Council, and the metropolitan councils of Merseyside, Greater Manchester, West and South Yorkshire, Tyne and Wear, and the West Midlands.

The association says that priority is being given to the Metropolitan Police in London, who will get money at their expense and leave them short, thus harming attempts to carry out Lord Scarman's recommendations on the police after the summer riots.

The forces expecting to be affected to a greater or lesser extent are in places with high black and Asian populations, including Merseyside, the West Midlands and Greater Manchester.

Mr Edwin Shore, chairman of the West Midlands Police Authority, has warned Sir James Clegg, Chief Inspector of Constabulary, of the consequences and Mr Shore is due to see Mr William Whitelaw, the Home Secretary tomorrow.

He told me: "We will have to cut the police budget anyway, but if Mr Whitelaw cannot put pressure on Mr Heseltine it will be much worse."

In a statement by the Association of Metropolitan Authorities, Mr Roy Shaw, vice-chairman, forecast that the cuts in police strength will have to be made in the six metropolitan counties if the squeeze on them is not eased.

The AMA said that the Metropolitan Police's share of national resources is to be increased from 26.5 per cent to 30.2 per cent in the settlement the Government is about to put before Parliament.

The Government, therefore, has increased the approved expenditure for the Metropolitan Police by no less than 24 per cent compared with an increase for other forces of a mere 2.4 per cent.

Mr Shaw is quoted as saying: "The Government decides the

Complaints reform, page 3

Aslef rebels to call off blocking

Rail chairman hints at new inquiry

By Donald Macintyre, Labour Correspondent

Rail passengers face a third week of strikes with little sign of a solution to the train drivers' pay and productivity dispute after the collapse of pay talks at the weekend.

But the most dramatic development yesterday came when two local officials of the Associated Society of Locomotive Engineers and Firemen gave an undertaking in the High Court intended to end the blocking of News International newspapers, by Kings Cross.

A News Group statement issued last night said the Judge had told both parties that the undertaking carried the same force as a court order. The Judge reportedly added: "If I were an engine driver during a dispute and I had read the article in the Sun I would have been compelled to strike." But one is entitled to make the law to his own hands. I trust that this very sensible solution you have arrived at will be the end of the matter."

Under the terms of the undertaking it is understood that an independent observer, probably a solicitor, will be allowed into this morning's meeting to see that the officials' request is made.

Mr Forey said: "I have given an undertaking to the court as an individual. But as far as the issue of rostering and the 3 per cent is concerned, I can tell you that men at Kings Cross are as determined as ever to win this dispute."

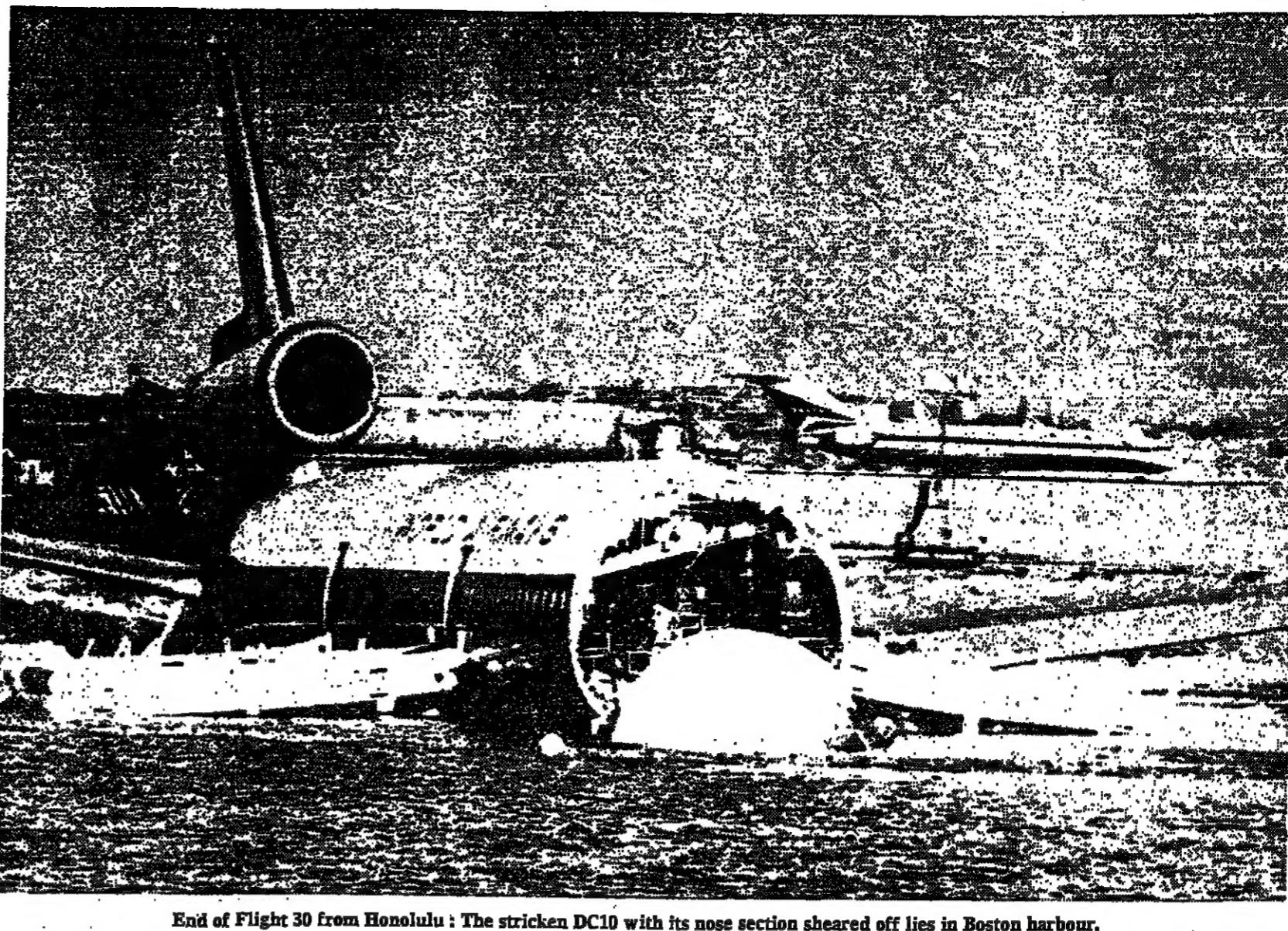
Sir Peter Parker, British Rail's chairman, who strongly criticized Aslef's refusal to accept binding arbitration, yesterday suggested that a non-binding independent inquiry into the dispute might give a "new clarity to Aslef's responsibilities" but there was no indication of the proposal bearing fruit in the next few days.

In a rare Sunday hearing in the High Court, before Mr Justice Glidewell, counsel representing The Times, The Sunday Times, The Sun, and News of the World won the individual undertakings regarding blocking of the newspapers.

Counsel for Mr Steven Forey, Aslef's King's Cross branch secretary, and Mr Dennis Cadwoddy, a local union officer who were cheered by about 50 picketing train-drivers when they left the Law Courts yesterday, undertook before Mr Justice Glidewell that they would ask their own members and those of the National Union of Railways at King's Cross to lift the

blocking from the centre of Warsaw the congregation, men and women, went openly when the letter

Continued on back page, col 3



End of Flight 30 from Honolulu: The stricken DC10 with its nose section sheared off lies in Boston harbour.

DC10 skids into harbour and 208 survive

From Our Correspondent, New York, Jan 24

Officials of the American National Transportation Safety Board today began their investigation of the incident in which a DC10 airliner carrying 208 passengers and crew slid off the end of a runway at Boston's Logan Airport into the waters of Boston harbour.

White exhaust coming out of the front engine," he said.

Another East Boston resident, Mr Bill Wilson, who watched the approach, commented: "I'm surprised it made the airport."

There was also confusion among the passengers. One woman passenger described the landing as normal. "Then we ran off the runway into the water, and the plane broke apart. I was in the seventh row and a wave came in and washed over us. We could see land. Everybody was pretty calm," she added.

The aircraft skidded off the end of Runway 15, slid over a snow covered bank of rocks, and ended with its nose in the water.

The impact sheared the cockpit from the fuselage, but because the water was shallow due to low tide, there was little flooding in the aircraft and passengers were able to get out using inflatable escape chutes.

The investigators are looking at three possible causes: bad weather, equipment failure or pilot error.

Although the aircraft, World Airways Flight 30 from Honolulu, was attempting to land in freezing drizzle with one and a half miles visibility, the conditions were not bad enough to warrant closing the airport.

There were conflicting reports from both passengers and observers on the speed at which the aircraft landed and what happened after its wheels touched the ground.

Mr Nicholas Anzilli, of East Boston, was leaving the airport as Flight 30 was about to land. "The thing was coming in low and slow. There was

wrong because the plane wouldn't slow down."

A spokesman for the Massachusetts Port Authority, which is responsible for maintaining the runways at Logan airport, disputed the World Airways claim of ice on the runway.

"We feel the runway was in good condition," he said. "Another plane had landed on that runway only minutes before and had made a perfect landing with no trouble whatever.

"When the DC10 reached the end of the runway he was moving along pretty good. There was no way he was in a tailspin mode at that point."

He added that the air traffic controller was in no way responsible for what happened. "Their responsibility ended the second those wheels touched the ground," he said.

The transportation Safety Board officials were also investigating claims by several of the passengers that the aircraft engines were still roaring even after it had settled in the water, less than a minute later, and why, is not clear.

At first the stunned passengers could not believe they were still alive. "Everyone kind of looked round as if to say 'We're still here,'" said Carolyn Savasta, of Massachusetts.

"It was hitting me in the face," Mrs Drew said.

The investigation is expected to take several days, and much will depend on the aircraft's flight recorders.

World Airways Flight 30 had started in Honolulu and had made stops in San Francisco and Newark, New Jersey, before starting the final leg of its journey to Boston.

Shortly before 7.30 pm local time on Saturday, the aircraft was given final clearance to land on its designated runway, 15R, by air traffic control at Logan Airport.

At 7.35 it touched down on the runway. Just what hap-

pened between the time the wheels touched the ground and the aircraft ended up in the water, less than a minute later, and why, is not clear.

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It is estimated that 10 to 15 minutes elapsed before the passengers were able to leave the aircraft.

The evacuation of the aircraft and the ferrying of passengers to dry land took one hour, according to the Massachusetts Port Authority.

According to other passengers, however, the flight attendants gave contradictory orders because the destruction of the pilot's cabin prevented radio communications between

them and the pilot (APR reports).

Inside the passenger section, some of the passengers panicked. A few who had unbuckled their seat belts were buried about when the airliner finally halted, while others hesitated to leave their seats, because made them think the aircraft was still moving.

McDonnell Douglas called a meeting of airline operators 10 days ago, to discuss proposed changes in the DC10 wing slots. Last September a DC10's engine blew up during take-off at Miami, but the pilot managed to stop on the runway. An investigation was launched.

The worst air disaster in aviation history involved a DC10—all 346 on board a Turkish Airlines flight perished near Paris on March 3, 1974. It also holds the American record—273 died in Chicago in May, 1979, when an engine fell off.

Fewer air deaths, page 3



Jaruzelski unlikely to ease martial law

From Roger Boyes, Warsaw, Jan 24

General Wojciech Jaruzelski, head of Poland's Military Council, opens a new session of the Sejm (Parliament) tomorrow with a speech that will try both to send a firm signal to the West and make conciliatory noises towards domestic critics of martial law.

Despite mounting pressure from the West, General Jaruzelski is certain to disappoint hopes of an early end to martial law and the international community. Instead, the Polish leader is expected to make explicit the need for strong military control until the situation in Poland has "stabilized"—that is, at least until the threat of popular unrest over food price rises has been removed.

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Continued on back page, col 3

'Coup' that caught the bookies

By Michael Seely

greeted those "who are mourning the tragic death of their kin".

The state concessions are likely to come not so much in a repeal of the martial law proclamation but in the administrative execution of such restrictions as travel within the country and, perhaps, in the release of more internees.

Both church and state enter the week—the sixth under martial law—determined to step back from open confrontation. For example a spokesman for the episcopate said at the weekend that Western news agencies and media had misinterpreted the pastoral letter which the Pope had issued on the normal functioning of the state, the quick release of all internees, and the end to ideological pressure at the workplace.

At the Holy Cross Church in Warsaw, the centre of the Polish Church in Poland, Today, congregations heard a pastoral letter which called for a "return to the road of dialogue". It also appealed for "a restoration of the normal functioning of the state, the quick release of all internees, and the end to ideological pressure at the workplace."

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Second hitch-hiker raped near USAF base

By a Staff Reporter

A girl, hitch-hiker, aged 17, was raped in Suffolk woodland early yesterday after accepting a lift from a motorist as she began the five-mile walk from Barton Mills to her home at the Lakenheath United States Air Force base.

The attacker was described as aged between 30 and

NEWS IN SUMMARY

Labour call for hospital deal terms

The Labour Party is to press the Government to disclose the full terms on which the Crown is to stand down part of the St George's Hospital site in London and redistribute it for offices in partnership with the Grosvenor Estate.

The Commons was told on Friday that the estate was to be allowed to buy back for £23,700 roughly one third of the 1.7 acre site at Hyde Park Corner which was acquired from them at that price in 1906. The land's value now is estimated at tens of millions of pounds.

Mrs Gwyneth Dunwoody, Opposition spokesman for Health and a member of the Labour Shadow Cabinet, said last night that she wanted to know the precise financial details of the proposed deal.

"If these few millions involved then the House of Commons has to be fully involved in the benefits, and the costs," she said.

Ripper hunt cost £4m overtime

The Yorkshire Ripper hunt cost £4m in police overtime, causing the West Yorkshire County Council to overspend on its police budget by £1m a year during the inquiry, Mr John Gunnell, leader of the council, disclosed on Saturday.

He appealed for the Government not to penalise the labour-controlled council, which is regarded as the country's third highest over-spender and for it to pay for the overtime.

PC dies after cliff fall

Police Constable Mark White, aged 20, died yesterday after falling 100ft down cliffs in Devon, in spite of attempts by a nurse to save him.

PC White, of Yeovil, Somerset, slipped when he went to help a fellow climber at Babacombe, near Torquay. Miss Carol Phillips, aged 23, a state registered nurse and a student at Bath University, climbed up to him and revived him with mouth-to-mouth resuscitation, but he died later.

Fear of fuel bills 'killing the old'

Forty per cent of pensioners do not heat their bedrooms, and many spend less on heating their homes in winter than most families spend in summer, a report says today.

The survey, by the Electricity Consumers' Council, the industry's watchdog group, says many old people die from the cold through fear of big fuel bills. It calls for higher grants and pensions, and says greater efforts should be made to tell pensioners of their entitlements.

Lifeboat fund to be closed

The Penzance lifeboat disaster fund which now contains over £2.4m will be officially closed to further donations on February 15, its trustees announced yesterday.

They said they wanted to acknowledge the "generous and overwhelming response" of the public. The trustees will now start discussions with the families about the allocation of the money.

Baked beans for the Princess

The Prince of Wales bought a 10p tin of baked beans and a mango for £1.50 at a school fair in Brixton, south London, on Saturday and told pupils: "The Princess loves them".

The Princess, who is expecting a baby in June, looked well on her first public engagement since Christmas, after the morning sickness which forced her to cancel engagements.

Freeze kills coyote

The severe weather has destroyed almost all the young of East Anglia's 15,000 to 20,000 coyotes. The rodents escaped into the wild from fur farms in the 1930s. Many thousands of the young have been found dead in recent weeks.

Heathrow delays

Freezing fog disrupted Heathrow airport yesterday causing flight delays and diversions. At one time visibility was reduced to 100 yards.

Inquiry after UDR patrol kills man in Armagh

From Richard Ford, Belfast

An investigation was started by the police yesterday a few hours after a young Roman Catholic man was shot dead by an Ulster Defence Regiment patrol in Armagh.

Detectors were also continuing their inquiries into the deaths of a father and son who were shot dead at their home in east Belfast early on Saturday.

The Armagh man, Mr Anthony Harker, aged 22, was shot dead by the patrol after he and another man ran from a supermarket and garage on Lower Irish Street early yesterday. Mr Harker was a member of the Ulster Defence Association.

The killers also shot dead one of the family's pet dogs before fleeing through the back garden.

Two shots were fired and Mr Harker, of Culdee Crescent, Armagh, fell. The other man ran off, but was caught later by the police. He was being interviewed last night.

The soldiers searched the area but found no weapon.

Mr Harker, an unemployed man with a son, was on bail

at the time of his death, facing charges of making petrol bombs.

In Belfast, detectives were keeping an open mind on the motive for the murder of a father and son in the Protestant Willowfield area of the city.

Two gunmen burst into a semi-detached house at 2am on Saturday and shot dead Mr Robert Mitchell, aged 21, in the ball before running upstairs and killing his father, Robert, aged 46, with a burst of automatic gunfire as he lay bed.

Mr Mitchell was a member of the Ulster Defence Association.

The killers also shot dead one of the family's pet dogs before fleeing through the back garden.

Another son, Paul, aged 17, was in the living room when the gunmen struck and escaped by jumping over the body of his dead brother and running barefoot, shouting for help.

Neighbours heard the shots but were too frightened to open their doors.

The gunmen fled from the scene in a white Transit van which was found abandoned in the area later. It had been hired in Belfast four days ago and fitted with false number plates.

One theory is that the men were killed as part of a feud between rival "loyalist" groups, although that has been denied by Mr Andy Tyre, chairman of the UDA.

Mr Owen Carron, Independent Republican MP for Fermanagh and South Tyrone, who is in Alders prison, near Buffalo, in New York State, after being detained for trying to enter the United States illegally from Canada, said yesterday that he was a political prisoner (Reuters reports from New York).

Mr Carron, described by officials as director of public relations for the IRA, has refused to wear prison uniform. In court in Buffalo on Friday, they were charged with giving false statements while trying to enter the United States from Canada.

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India and Pakistan begin new search for trust

From Trevor Fishlock, Delhi, Jan 24

India and Pakistan are beginning another of their wary diplomatic tangos. The object is to bring some trust and understanding to their neurotic and potentially dangerous relationship.

At a time when the relationship is under more strain than usual, Mr Agha Shahi, the Pakistan Foreign Minister and one of the shrewdest diplomats in Asia, arrived in Delhi this week for talks about a non-aggression agreement.

The core of the relationship is suspicion and historical prejudice. To this has been added the Kashmir dispute and three wars in the 34 years since partition. Today it is aggravated by anxiety over nuclear capability and intention, the Russian occupation of Afghanistan and the United States' supply of arms to Pakistan.

The American case is that Pakistan has to be armed because it is a front line state facing the Russians. But India's reaction was bound to be strong. The arms deal challenges a key element in subcontinent stability, the Indian perception that stability is based on overwhelming Indian superiority.

In Pakistan there is considerable anxiety about

India's steamroller might, and Pakistanis fear India more than they do the Soviet Union. In turn, Indians think that American tanks and fighters are meant for use against them.

There is pressure on the Government to keep India's lead immune. At the same time the arms equation is complicated by nuclear developments. Pakistan is thought to be working towards the stage India reached in 1974 — nuclear explosion.

Mrs Indira Gandhi, the Prime Minister, has talked often of "gathering war clouds", to some extent a self-justification meant for internal consumption. When President Zia proposed a non-aggression pact his suggestion appeared curiously in a Pakistan press release last September announcing agreements on the American arms deal.

It seemed a coy, even silly, approach; and India, unprepared, was wrong-footed by it. The slow and negative Indian response gave an impression that Pakistan had scored propaganda points. But Delhi had genuine reservations about Pakistan's sincerity, wondering what President Zia's game was.

India and Pakistan already have a no-war pact, which prefer to believe the worst of each other.

Censorship tightened once again

From Hasan Akhtar
Islamabad, Jan 24

Press censorship in Pakistan was partly relaxed by General Zia ul-Haq about two weeks ago, has been once again tightened with the Sind government directing newspaper editors not to publish political news or views.

General Zia had announced relaxation in press censorship on the inauguration of his advisory council of 288 nominated members earlier this month. This led to renewed efforts by political leaders who opposed the council, towards the restoration of the 1973 constitution and the holding of general elections.

Since General Zia left for his European tour on January 17, Karachi became the hub of numerous private political meetings of the leaders of different political parties. Among the topics discussed was an alliance of right-wing parties to work with the Movement for Restoration of Democracy to which six parties, including the late Mr Bhutto's People's Party, subscribes.

Some right-wing leaders have also suggested the formation of a grand assembly to counter General Zia's federal council. Such an assembly might include former parliamentarians and those who contested 1970 and 1977 general elections.

On Friday, however, the Sind government served notice on about 70 leaders who are either in Karachi or thinking of travelling there to suspend their political activities because they contravened the martial law order.

More than a dozen leaders were expelled from Sind province and others were placed under house arrest. Mr Sherbaz Mazari, chairman of the National Democratic Party said it was now uncertain whether the movement for the Restoration of Democracy could hold its scheduled meeting in Karachi next week.

European Law Report Court of Justice of the European Community

Reliance on a directive

Frau Ursula Becker v Finanzamt (Tax Office) Münster. Case no. 8/81: Preliminary ruling of the EC Treaty on a reference by the Finanzgericht (tax court) Münster (West Germany).

Before the president, Judge J Merten de Willem, and Judges G Bosco, A Toufik, O Due, P Gobbi, J M Koenig, J Koenig, U Everling, A Cholos and E Greivise. Advocate-General: Sir Gordon Slynn. Judgment given on January 19, 1982.

The plaintiff claims to be exempt from value-added tax (VAT) for the period March to June 1979 by virtue of Article 13b (d) (i) of the sixth Council Directive No. 77/388 of May 17, 1977, on the harmonization of laws relating to turnover taxes.

Article 1 of the Directive provides that the member states "shall modify their present value-added tax systems in accordance with the following principles and shall adopt the necessary laws, regulations and administrative provisions so that the systems as modified enter into force at the earliest opportunity and by January 1, 1978 at the latest."

Article 13b of the Directive provides: "Without prejudice to other Community provisions, member states shall exempt the following under conditions which they shall lay down for the purpose of ensuring the correct and straightforward application of the exemptions and of applying the principles of avoidance or absence." (d) the following transactions: (1) the granting and the negotiation of credit and the management of credit by the person granting it...

West Germany was one of several member states which found itself unable to implement the directive within the period fixed for doing so. In conse-

quence, the Council extended the deadline for the implementation of Directive No. 77/388 to January 1, 1979. On December 26, 1979, a law was finally passed implementing the directive in West Germany with effect from January 1, 1980.

The case is concerned with the period during which, contrary to the provisions of Article 1, West Germany had not implemented the directive.

In her tax returns for March to June 1979, Frau Becker entered the "credit negotiation transactions" as an exemption and the Finanzamt rejected her claim and assessed her tax to tax in accordance with the West German legislation on the basis of Article 13b (d) (1) of the Directive and the latter referred to the European Court a question for a preliminary ruling simply asking whether Article 13b (d) is directly applicable in relation to transactions consisting of the negotiation of credit in West Germany from January 1, 1979.

The Court held that the provisions of Article 13b (d) (1) of the Directive are directly applicable and, consequently, the exemption is available. The Finanzamt then laid down that the provisions concerning the granting and the negotiation of credit and the management of credit by the person granting it...

Where the provisions of a directive appear, as regards their content, to be unconditional and sufficiently precise, then in the absence of

agreement signed at Simla in 1972 by Mrs Gandhi and Zulfikar Ali Bhutto, it was agreed that all Indo-Pakistani disputes should be settled peacefully through mutual discussion, without outside assistance.

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Leadership contest begins

Why one German is polishing his image

By Richard Davy



Dr Kohl: manoeuvring

other things he is one of the few leading politicians in Bonn who speaks no English. That is a disadvantage in Nato politics.

Now 51, he rose to prominence in the Rheinland-Palatinate. He was Prime Minister there from 1969 to 1976, when his party unable to agree on anyone else, put him forward as candidate for the chancellorship. He did rather well — getting 48.6 per cent — which is more than Herr Strauss got as the party's candidate in 1980. It gave him the confidence and support to carry on.

He is a comfortable, friendly and sociable, most at home chatting over a glass of wine from his own region. But he is quite effective on a public platform talking about things like moral standards, the family and the dangers of communism. He offers a moderate shift to the right, castigated as autocratic and dangerously inadequate.

The governing body, a council of 23 members, has been deeply split for years, with one side generally characterized as conservative and defensive about the society's administration, and the other characterized as radical and sceptical of the bureaucracy with which the annual £7m budget and the society's activities are managed. The moderates are said to be the cats-and-dogs brigade, while the radicals are supposed to be in favour of the abolition of everything, from meat-eating to the Royal family, and especially the latter's passion for chasing and shooting their fellow creatures.

Naturally enough, the debate is perceived in highly personal terms: Janet Fookes, Tory MP for Plymouth, Drake, an ex-chairman of the Council, is seen as the arch-conservative, while another ex-chairman, clinical psychologist Richard Ryder, who coined the expression "speciesism", is seen as the arch radical. The battle lines are, in reality, a little blurred: Miss Fookes has often spoken in the Commons against foxhunting, and Richard Ryder, so far from being a dyed-in-the-wool revolutionary, is a liberal.

The crisis is no overnight event. "The RSPCA is a microcosm of British society," says Richard Ryder. "It displays many of its features: bureaucratization, unionization, opposition to change, and poor management." As the wealthy, established — not to say establishment — body of respectable humane opinion

it was bound to become a battleground as young people came to see man's treatment of animals as an ethical issue which was — however oddly — central to the ecological debate.

The catalogue of problems is massive. In three years, its budget has gone from million pound surpluses to a £1m deficit. In a handful of years it has seen the resignation, redundancy or sacking of at least six senior members of its headquarters staff. No budget has been agreed this year. There have been serious allegations of sloppy, extravagant spending on the executive director's travel and accommodation. The management of the Horsham headquarters has been widely castigated as autocratic and dangerously inadequate.

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The scene was set for a desperate confrontation, and in 1973 Charles Sparrow, QC, was asked to head a lengthy, Congress-style inquiry into the bureaucracy the society had become, and especially to hear what the Reform Group — the radicals had given themselves a name

— had to say. Nothing the distinguished barrister had experienced previously in the calm of the law matched the can of worms that was now shoved under his nose. His report, published in 1974, makes powerful reading.

"We were quite unprepared," Mr Sparrow wrote, "for the abandon with which some members assailed the Council of the society and, indeed, the society itself. Again and again members made a disclaimer of any desire to create bad feeling within the society, and would launch into a torrent of the most bitter accusation. Charges of dishonesty, lying, and utter indifference of the interests of animals were the small change of our open sessions".

The most potent of the debates as it had been for 40 years, was about fox hunting. Since Sparrow, the RSPCA has made opposition to hunting a matter of policy but leading radicals are still outraged that royal patrons continue to ride to hounds. Many believe that last year's expulsion from the society of the radical council member, Richard Course, director of the League Against Cruel Sports, was — though ostensibly on another matter —

The Times profile: the RSPCA

Fur flies among the animal lovers

On Wednesday the Council of the world's oldest animal welfare society will try to resolve a deep cash crisis. And next month it will receive a disturbing report on the administration of its Horsham headquarters.

Richard North profiles a great institution which has always attracted controversy as well as royal patronage.

Hopkins now of some of this expenditure.

What now divides the society is far more than welfare policy, on which some uneasy, tense compromise could probably be reached. The days are gone when the Society nearly fell apart because of a decision on the part of the radical council not to join the Government's farm animal welfare council on the grounds that it was probably a whitewash body. That was the great issue of 1980, and it revolved around a clear-cut division between the branches and the radicals on the Council: the old guard thought it a snub to government — and more particularly a Conservative — and altogether typical of the young, trendy "effete" they abhorred in the Young Turks.

A fundamental change has taken place since then, and it springs from an important realization by many of the old guard that the Young Turks may have been right about the climate of opinion in the country and that, more to the point perhaps, they might have a point about the administration of the society.

Indeed, one of the people who was most eloquent against the radicals in a wild public meeting on the farm animal welfare council issue, Mrs Rachel Smith, seems now to be taken a new mood even amongst conservatives.

She has recently become the Society's treasurer, and it was she particularly who would not endorse the headquarters staff's proposed budget for this year: she refused to accept a deliberate deficit. Moreover, in the latest of the moves the council has made to come to grips with the society's problems, she and the council's chairman, solicitor Anthony Hart, are now conducting an inquiry at headquarters into the employees' feelings there. It is expected that this Wednesday, a Council meeting will address itself to the budgetary chaos assailing the RSPCA.

And that next month the council will hear Mrs Smith's and Mr Hart's account of malice at Horsham. It is no secret that junior and middle-ranking people at headquarters are using this opportunity to voice very serious dissatisfaction.

They are the sort of dissatisfaction which have led to an alarming diaspora of talented staff. In recent years the society has lost or despatched a chief wildlife officer, a head of communications, a political affairs officer and her assistant, a press officer, a chief education officer and an animal experimentation officer: some of the posts have been filled by caretakers, others have been declared redundant. Others still remain empty. The society now has no press officer, no chief of the £1m per annum communications office, and no political affairs officer (hence no parliamentary lobbying on a regular basis). There is no money for any major paid press campaigning this year.

The conservatives used to believe that the radicals threatened the greatest source of funds for the society: the legacies of old ladies and gentlemen too, cross about human beings to leave money to featherless bipeds. Surely, a radical RSPCA would be anathema to such souls? Now, however, it seems that other animal-welfare groups do succeed in vastly increasing their memberships on precisely "extremist" tickets, and that it may be that the RSPCA's respect for their past conservatism may be leaving them stodgy behind public opinion.

The RSPCA: the people who run it



Young tuck collared by old guard: Richard Ryder and Sir Freddie Burden MP in 1980. Julian Hopkins (above right) and Janet Fookes MP.

Where they get the money... and how they spend it

TOTAL INCOME IN 1980: £6,749,000, of which:

71 per cent came from legacies
17 per cent from campaigning
10 per cent from investments
2 per cent from subscriptions and other donations

TOTAL EXPENDITURE IN 1980: £6,991,000, of which:

40 per cent was spent on animal

welfare establishments

13 per cent on national administration
10 per cent on campaigns and publicity
5 per cent on branches
5 per cent on education

THE RSPCA SUPPORTS:

3 hospitals
57 animal homes
33 welfare centres
48 clinics
2 mobile units

IT EMPLOYS:

288 inspectors
37 market/dock inspectors

IN 1980:

166,887 animals were treated
184,230 were destroyed
94,099 were found new homes
28,740 complaints about cruelty to animals were reported to the RSPCA, which resulted in 1,454 convictions and 13 prison sentences

Women on the march to the altar

What started as a murmur of protest in the Church of England during the early 1970s could be turning into an obstinate, even rebellious confrontation. With the ordination of the Rev Elizabeth Canham in America in December — the first British woman to become an Anglican priest — and her election, to, considerate of the official disfavour, of the episcopate in the general system of the Directive, the context of Article 13, and the characteristics of the fiscal arrangements within the framework of which the exemption is applied.

Although the sixth Directive undeniably gives the member states a margin of discretion for the implementation of Article 13, it is not clear whether Article 13 is directly applicable in relation to the negotiation of credit in West Germany from January 1, 1979.

The Court held that the provisions of Article 13b (d) (1) of the Directive are directly applicable and, consequently, the exemption is available. The Finanzamt then laid down that the provisions concerning the granting and the negotiation of credit and the management of credit by the person granting it...

Where the provisions of a directive appear, as regards their content, to be unconditional and sufficiently precise, then in the absence of

severely limited: all those who wish to have their vocation to the priesthood tested simply cannot do so. In 1975 it looked, briefly, as if the Church of England might be weakening in its hostility to aspiring women priests. The General Synod voted, by 255 to 180, that "there are no fundamental objections to the ordination of women to the priesthood".

Whatever pleasure greeted that decision, it survived. While the Anglican churches of Kenya, Hongkong and Canada, and the USA, New Zealand and Hongkong may celebrate the Eucharist in a British church, the Church of England doggedly held back. A motion against removing the legal barriers to their ordination was lost in the House of Clergy in November 1978 (despite the fact that bishops and laity had voted in favour). And in the summer of 1979 came an even more unacceptable decision: women priests from abroad would not officiate in churches while visiting this country.

The day the House of Clergy defeated that motion, the Movement for the Ordination of Women (MOW) was born. In a little over two years its membership has leapt into the thousands and today there are branches in every diocese in Britain. MOW's task, as the members see it, is to educate the clerical hierarchy into seeing the necessity for a change in the law.

"We are not saying women priests," says Mrs Margaret Webster, executive secretary of St Paul's Deansbury, unauthorised, and has asked Dr Robert Runcie, the Archbishop of Canterbury, to dissuade clergy from permitting such services. MOW has replied by issuing a press release stating its support for "woman priests . . . who break bread privately while in this country".

And so the battle lines are drawn. On one side is MOW, which argues that it is inhospitable to visiting women priests to prevent them exercising their priestly functions in this country. Ann Hood, a deaconess in Southwark (where there are known to be 17 women who feel they have vocations),

The Polish hunger that could explode into revolt

Next Monday, food prices in Poland will quadruple. It was increases in the price of food that led to the riots of 1970 and 1976... Roger Boyes reports from Warsaw.

A scene from the Polish winter. Between the wooden stalls of the peasants' market in Warsaw a wrinkled-faced woman bundled up in a dozen scarves offers a basketful of eggs: 15 cents each, no zloties accepted.

On the black market, a dollar is now worth at least 1,000 zloties; 10 eggs at that rate is a week's wages. The arithmetic is frightening but people still buy one or two eggs at a time.

A young woman packs her egg in snow and carries it away cradled in her hands as if it were a Fabergé creation.

Inevitably, a small crowd gathers and, less predictably, a man starts to complain: "How can you do this to us? Why don't you accept Polish money?" She replies: "I need to buy wine for my daughter's wedding and need dollars."

Suddenly, in a flash of anger, mutely encouraged by the crowd, the man stamps his foot in the basket. Egg shards stick to the bottom of his boots, the woman howls and pushes him, the crowd disperses.

These incidents do not happen every day. On the whole the Poles have learned to live with the small and not so small injustices in their lives. But of all of Poland's social tensions, of all the defeats and humiliations, it is those associated with food that linger in the dark recesses, that spark off rows and fights.

In 1970, riots followed rises in prices and a regime fell. In 1976 riots followed food price rises and another government was almost toppled. Food, its absence and its expense, is the most

politically explosive substance in Poland.

On February 1, food prices are going up again. We have been warned, more than warned, consulted. But they are up anyway, 200 per cent, then between a quarter and a third of his 6,500 zloties (the average for white-collar workers) has disappeared.

Even that is within the bounds of tolerance. Many urban Westerners spend a third of their salaries on meat. Poles spend it on food. But what if the rations were not honoured? What if the food shortages are so severe that the official shops do not and cannot offer enough food? Then, in order to eat, the Pole must turn to the private markets.

Polish agriculture is overwhelmingly in the hands of the private farmers and it is still largely up to them to decide whether they sell directly to the public or whether they sell to the state. The peasant woman with the eggs was selling directly.

But the prices on the private market will now take off. If egg prices triple in official shops, then on the private market they are likely to quadruple: the era of the 50-cent egg is fast approaching.

The implications of this are, to understand the matter disturbing. Many Poles will simply have to withdraw from the food market; that is, they will have to stop eating many types of food. Western agricultural experts here say that is precisely what the Government has in mind, to force the population to eat less meat, for only that can correct the imbalances in Polish agriculture. And only a government operating under martial law would be

able to enforce that shift in consumption patterns.

Meanwhile, the tension between town and country will be aggravated. The countryside is always better fed than the large townships, though there are also problems there. Those with access to hard currency are in conflict with those without the richer peasants versus the poorer peasants.

Raising food prices in a centrally planned economy is a question of balancing economic necessity with political judgment. Raising food prices at a time of severe shortages solves neither economic needs (except in the crudest way of stifling demand), nor does it solve political problems. On the contrary, fresh social tensions will be created, tensions that escape even the control of the military.

But how enduring are the shortages? If food were to return to the shops soon, then the Cassandra cries will be misplaced.

Greater food supplies would improve the standing of the military rulers. When troops were sent to the countryside last autumn, for

example, the move was welcomed by most townspeople. Their deep-rooted suspicions that they were being swindled by the farmers were being put to the test and there was considerable confidence that the army would stamp out corruption.

In fact, the army may simply have been preparing the ground for the December takeover. Checking local storage depots could have been the precursor to the procurement of food when necessary.

The facts and statistics of food supply are grim; nor do they look like improving this year or next. Grain production at 20 million tonnes is about 2 million tonnes up on 1980. But it has to be borne in mind that 1979 and 1980 represented the worst harvests for a decade — 1981 only mildly improved on that.

Poland needs about 27 million tonnes of grain to feed itself. But Poland's catastrophic balance of payments with Western indebtedness of at least \$27,000m and teetering on the brink of default, means that it has been able to import very little, about 1.5 million tonnes in total from Canada and France on credit terms.

The refusal to sell maize to Poland means, Polish officials say, that about 300 to 400 million birds will not be fed. Poultry is the most important low-cost meat in Poland, but due to the lack of maize there will be virtually no chickens in the shops by the end of this month. Poland needs 120,000 tonnes of poultry meat to produce the average poultry consumption of one kilo a month, but 20,000 tonnes of that will now drop out.

According to Ministry of Agriculture estimates, the amount of meat and poultry bought from private farmers in the first quarter of this year will be about 400,000 tonnes, or 180,000 tonnes down on the same period in 1981, itself a bleak year for food supply.

Finally, there is a severe poultry shortage because of the absence of maize. Polish officials have been blaming this directly on United States measures against Poland. Only two countries produce sufficient maize — America and South Africa, and Poland has no diplomatic or official trading relations with South Africa.

tonnes of grain and that still leaves a substantial shortfall. On the other hand voluntary measures to persuade the farmers to part with their produce are also unlikely to succeed. The council of ministers has now approved a scheme whereby farmers are offered bonds in return for grain deliveries to the state. The farmers could then redeem the bonds in two or three years time, receive the year's highest price for their crop as well as interest payments.

But this begs the question. Farmers are not parting with their grain because they have lost faith in the state, and because at a time of political uncertainty they feel it is safer to hang on to their assets. Instead, they burn Silesian coal for pigs, for example.

But the real shortages are fertiliser, pesticide and petrol, all of which are in the control of the Government. The Government can, and has, threatened to withhold deliveries if more food is not sold to the state. But it has proved to be a hollow threat. There is not enough petrol to

fill almost impossible to present to produce or import fertilizer. Yet without these fundamental supplies, farmers will not be able to do basic farm maintenance. Many tractors have been immobilized for weeks, despite special allocations for agricultural fuel. Spring sowing will be at best haphazard and the potato harvest, relatively good last year, may be again a victim of blight, unless pesticide can be found.

There is a terribly crude spiral involved. The Government cannot supply sufficient fertilizers or petrol so farmers produce less. Because they are producing less, the farmers become more and more reluctant to sell to the state and prefer to sell on the private markets where prices are better. But the consumer, defeated by the empty shops, goes to the private market to find he cannot afford to buy a 50c egg.

The result is not so much starvation as experienced in, say, Somalia or Chad, but some malnutrition. Polish television said the incidence of tuberculosis is going up and is officially admitted in Poznan, all because of protein deficiency. And there is a great uncontrollable sense of frustration and anger that will eventually seek a political outlet.

The Boundary Commission for the new parliamentary constituencies is nearing the end of its massive task, begun in 1976. Ian Bradley explains how its work will affect politicians and electorate alike at the next General Election

The results of a meeting which begins today in Committee Room A of the municipal annexe in Liverpool could well determine the political futures of the city's MPs far more effectively than any machinations by the Militant tendency or defections to the SDP.

The occasion is a public inquiry into the recommendations of the boundary commission for the new parliamentary constituencies on which the next general election is almost certain to be fought. Like other large cities which have experienced a sharp fall in population in recent years Liverpool is due for reduced representation at Westminster.

The commission's proposal is for the city's present eight seats to be cut to six. Today's public inquiry could determine exactly how that piece of surgery is to be done. On it may well depend the future political balance of the city, which at present has three Labour MPs, three Social Democrats, one Conservative and one Liberal.

Boundary changes are likely to affect more than 500 seats. With the completion of



Three members of the Boundary Commission who must approve Britain's redrawn constituencies: Sir Raymond Walton, a High Court Judge, Mr George Thomas, Speaker of the House of Commons and Judge John Newey.

40,000 (the smallest, New castle Central, has 24,482).

The commission works by taking each county in turn and determining how many seats it is entitled to by dividing its total electorate by the quota. Then, using local authority wards as building bricks, it sets about constructing the required number of constituencies.

It is here that the problems really start. In addition to its prime aim of keeping as near as possible to the quota, the commission also tries to follow local government boundaries and to take notice of geographical factors, lines of communication, and industrial and social consider-

ations. It aims, wherever possible to keep natural communities together and takes considerable trouble to research such details as the catchment area for hospitals, schools and shops.

Before being published as provisional recommendations, the suggested boundary changes go before the members of the commission for their approval. For England they are Mr George Thomas, Speaker of the House of Commons, Sir Raymond Walton, a High Court Judge, Judge John Newey, and Mr William Ruff, former clerk of Surrey County Council. There are also two assessors who advise

the commission: the Registrar General and the Director General of the Ordnance Survey. Normally they accept the civil servants' proposals.

The commission's provisional recommendations are often altered as a result of the public inquiries which have to be held if there are objections from local authorities or groups representing more than 100 electors. In the present review, for example, a proposal to keep Colchester as a single-borough constituency was dropped in response to local preference for a division of the town into two seats, each taking in surrounding areas. The inquiries are chaired by senior barristers whose reports form the basis of the commission's revised recommendations. It is these which eventually go to the Home Secretary.

Many of the complaints at recent inquiries have been directed at the proposed titles for the new constituencies. That is a straightforward reflection of population movement over the past decade. London will have eight fewer constituencies. Among the other inner city seats scheduled to disappear is Tony Benn's base of Bristol South East. The main gainers are the Home Counties and East Anglia.

The arrival of the SDP-Liberal Alliance has confused calculations. If the last election were to be rerun, there is no doubt that the com-

mission's final report. It is certain, however, that very few existing constituencies, probably fewer than a sixth, will survive untouched.

Several constituencies will still be some way off the quota. The Isle of Wight has been left untouched although it has more than 83,000 electors. It is too small to split in two and the only other alternative, rejected as unacceptable, would have been to detach part of the island and join it to the mainland seat.

After the boundary changes, as well as the five extra constituencies for Northern Ireland agreed by the Government in 1979, England will have another six, granted to rural areas and to London boroughs over and above their strict quota entitlement.

The most striking change will be the greater representation given to shire counties at the expense of large cities.

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mission's final report. It is expected redistribution of seats would help the Conservatives at the expense of Labour. According to a computer calculation by Dr Robert Waller of Magdalene College, Oxford, the Tories would have had another 40 to 45 MPs in the House of Commons.

It is difficult to predict the effects that the changes will have on the prospects of the SDP-Liberal alliance. Dr Waller reckons that 11 of the 27 MPs at present sitting as Social Democrats could be in trouble because of boundary alterations. They include the three who represent Liverpool seats (Richard Shaw, James Dunn and Eric Ogden) and the two who sit in Islington (Michael O'Halloran and John Grant).

Among other Social Democrats whose seats will disappear are John Roper (Farnworth), John Horam (Gateshead West) and Ian Wrigglesworth (Teesside, Thornaby).

On the other hand, there is no doubt that the new alliance is likely to benefit from a situation where there will be so many new names and shapes for constituencies and where most existing MPs will be appealing to voters whom they have not represented in Parliament. This weakening of traditional ties and loyalties could yet prove an important factor in breaking the mould of British politics as changes in the party structure.

Tinker, tailor, soldier, drunk...

Nothing, it seems, is what it appears to be in the twilight world of the international spy — not even Irina Mamedova, the attractive, party-loving wife of the KGB's former top Washington man, Georgi Mamedov — as embarrassed FBI and State Department officials admitted publicly for the first time last week.

When Irina, aged 35, defected last year with her five-year-old daughter Tatiana, the FBI thought they had a coup. Not only was it the first defection in Washington of a senior KGB officer's wife but the prospects of capitalizing on it looked distinctly promising.

Georgi, ostensibly second secretary and assistant press attaché, turned out to be remarkably well-connected, the son of Enver Mamedov, first deputy chairman of the state committee for radio and television in the Soviet Union. An expert on the SALT 11 talks, he was, according to one State Department official, "the smartest Soviet agent in the United States."

If Georgi's wife and daughter had come over, the FBI reasoned, could Georgi be far behind? They moved Irina and Tatiana to a safe house 25 miles outside Washington and waited for Georgi to make the first move. Seven days later he did — he got on an aircraft and went back to Moscow.

The FBI, which now got down to asking Irina some pertinent questions, suggested that she had defected because she had come to appreciate the superiority of the American way of life. No, said Irina, it was not quite like that.

She had gone to the FBI, Irina said, to get away from her husband, Georgi. It appeared, had been trained in the Soviet Union for everything except the Washington cocktail circuit. Her husband, she complained, regularly came home drunk, criticized the dinner, and then beat her up.

"One minute we had a classic case of an ideological defector," a disappointed FBI official said later. "The next minute it was a classic case of a battered wife."

Armed with the assurance that she would be given asylum in the United States if she requested it, Irina was then permitted to talk to two Soviet officials who promised that not only would there be no reprisals if she returned to Moscow but Georgi would be sent to a drying out clinic and Irina would have the services of a marriage guidance counsellor.

It was an offer that Irina apparently could not refuse. She flew back to Moscow the next day. And as far as State Department officials can discover, the KGB has kept its word: Georgi, although demoted, is still at work in the Foreign Ministry, and word has filtered out through diplomatic circles that Irina is telling friends that he hasn't had a drink since Christmas.

It was an offer that Irina apparently could not refuse. She flew back to Moscow the next day. And as far as State Department officials can discover, the KGB has kept its word: Georgi, although demoted, is still at work in the Foreign Ministry, and word has filtered out through diplomatic circles that Irina is telling friends that he hasn't had a drink since Christmas.

According to the editor of *The Times Literary Supplement* this week Mr Schellenberger, of 60 St Barnabas Road, Cambridge, says that there are at least three candidates who may have had this dubious distinction.

According to a correspondent in *The Gentleman's Magazine* in

under a sofa in the Algonquin Hotel's famous lobby and was barely able to acknowledge the greetings of Anthony Andrews and other members of a visiting party from *Brideshead Revisited*, currently in New York, for the American launch of the series.

Much celebrated as an Algonquin character, and subject of an unusually ill-illustrated biography, *Algonquin Cat* (Text by Val Shafner, drawings by Hilary Knight), Hamlet's familiar presence by the entrance of the Algonquin's crowded and hospitable lobby will be much missed.

"We are now auctioning for the next Hamlet," Mr Andrew Anshach, the Algonquin's manager told me over the weekend. "We are deeply sad but in the tradition here at the Algonquin we must carry on".

1767, he says, a certain William Walker, who was a sergeant in the New Model Army, confessed to being his executioner on his deathbed in 1700.

However, such respectable authorities as the *Dictionary of National Biography* and C. V. Wedgwood (in *The Trial of Charles I*, 1964) claim that Charles was beheaded by the common hangman, Richard Brandon, and they have evidence to prove it.

Unfortunately there is equally authoritative contemporary evidence to suggest that Brandon refused the job. Even more confusingly, some people suggest

that the real executioner was in fact another Walker, Henry, a journalist and the brother of William of the deathbed confession.

Reith revisited

Lord Reith, father of British broadcasting, is being submitted to a cautious re-examination in a two-hour BBC play celebrating the corporation's sixtieth anniversary later this year. Roger Milner, playwright whose recent television work includes a dramatic biography of the racing driver Sir Malcolm Campbell, has been engaged to probe BBC archives and memories to see if he can come up with an alternative portrait to the dour autocrat that is Reith's popular image.

Milner has been consulting Reith's family, surviving colleagues and his exhaustive diaries and is hoping to discover the true story behind the director general's controversial departure from Langham Place. He says he has already detected a trace of humour in Reith's writings and he is working on a theory that the prevalence of tall producers at the BBC is one of the most bidding legacies of its fitful founder.

Hard pressed

The *Jerusalem Post*, one of the best-known English newspapers in the non-English speaking world, has run into deficit — to the audible delight of the Israeli authorities. The Post, which is half owned by the Histadrut, Israel's equivalent of the TUC, has failed.

Last week Branson offered to pay Tony Elliott, the editor and proprietor of *Time Out*, cash for a substantial, although minority, shareholding in a single company which he suggested could assume responsibility for publishing both magazines.

Verging on cheek

An attempt by Richard Branson, the head of Virgin Records and publisher of *Event*, one of a whole clutch of London weekly magazines struggling for the minds and pockets of the metropolitan young, to buy a stake in *Time Out*, his leading competitor, has failed.

Simon Middley

The spectacle of nearly 300 male scientists and politicians jostling for space in a new account of the evolution of atomic energy (*The Nuclear Barons* by Peter Pringle and James Spigelman, published today by Michael Joseph) to the almost total exclusion of any representatives of the "fair sex", prompts the doubtless idle speculation that the world could scarcely have become a more dangerous place had women had a more equitable hand in the development of the atom.

Tony Elliott

Yesterday Elliott described his offer as "very cheeky". Branson, he said, was trying to acquire equity in *Time Out* at "a cheery price". The offer did not reflect the comparative success of the re-launch of *Time Out*.



P.O. Box 7, 200 Gray's Inn Road, London WC1X 8EZ. Telephone: 01-837 1234

THE PRICE OF UNITY

Mr Benn has added his voice to those calling for peace within the Labour Party. But peace at what price? He urged a meeting on Saturday of a new far-left grouping, Labour Liaison 82, to work flat out for Labour victories at the general election, the Hillhead by-election and local government elections. All very much in the spirit of Bishop's Stortford. But he also declared: "after two years of debate and discussion, we have won all the policies for which we campaigned and have made significant advances of democracy within the party". In other words, the party is being invited to unite on territory captured by the left.

This was made explicit in the statement issued later by Labour Liaison 82's steering group: "If the party unites around its policies, accepts the democratic reforms won after much debate, and continues the tradition of tolerance in the party, the Labour Party can look forward to successful campaigns in the future". Those three ifs deserve some examination.

The reference to tolerance within the party is a coded warning to the National Executive Committee not to take any action against the Militant Tendency on the basis of the inquiry that the NEC has itself instituted. The far left will want extremist candidates, like Mr Peter Tatchell at Bermondsey, to be endorsed automatically by the NEC. This would mean that while unity prevailed at national level the left would be enabled to continue its campaign to extend its control of the party locally and

thereby progressively to change the complexion of the parliamentary party by selecting left-wing candidates.

This is a campaign that has been deliberately furthered in particular by one of the "democratic reforms" that have been won after much debate: the requirement that there should be a full reselection process before a sitting MP is reelected. This is designed both to make MPs more susceptible to pressure from their constituency parties and to make it easier to replace a sitting member.

But it is in terms of policy that the price demanded by the far left for party unity is so significant. One of the curiosities of Labour politics since the last election has been that the public furor, both inside the party and outside, should have concentrated on changes in the party constitution, while far-reaching shifts of policy were being pushed through at the same time. The constitutional changes matter because they affect the future disposition of power within the party. But the policy positions adopted by Labour in opposition are at least as important because they are intended to determine what a Labour government would be required to do in office. These decisions can be disregarded only if it is believed that Labour ministers would be again to wriggle out of their commitments when they were once more equipped with the prerogatives of power.

But it is an oversimplification of history to believe that this is what Labour ministers have consistently done in the past, and it is even more

A TURNING POINT FOR KOREA?

Ever since the war left Korea divided between a Russian-supported communist government in the north and an American-supported anti-communist one in the south both halves of the country have been passionately urging reunification. The war of 1950 did not bring it about; nor did the armistice of 1953 allay suspicion enough to encourage the two governments to talk frankly to each other. In the early seventies some moves were made but ran into the ground. At that time it was Mr Kim Il Sung, the confidently self-inflating dictator in the north, who made all the running while President Park Chung Hee's response was defensive and limited. Now it is President Chun Doo Hwan, securely in power in Seoul, who is pressing for a meeting. Last week he renewed an approach he had first made a year ago, and repeated in June of last year, with more detailed proposals for a summit.

Ten years ago it was Mr Kim who insisted on a summit meeting to reach provisional agreement on some supranational body, pending discussions on the detail, while President Park, unwilling to face such a meeting, wanted only to discuss postal services or visits between divided families with appropriate officials. From the top downwards was opposed by from the bottom upwards. Now President Chun wants the summit, with a consultative

conference for reunification to draw up a draft constitution. Each side will come with their differing versions; but no matter, he seems confident that Korean nationalism will win the day.

President Chon's confidence does not simply rest on the power he has secured for himself in the south, or in the undeniable economic superiority of the south over the north — that existed in President Park's day but was not enough to give him political strength. To understand the shift that is coming about one must read Korea in the Confucian terms which have ruled throughout its history and which survive strongly today: on which side in any conflict is the moral force perceived to exist or most convincingly proclaimed? When Kim Il Sung seized power after the war he had grown up in an era when communist doctrine was eagerly embraced in East Asia. Mao Tse-tung and his conquering armies in 1949 added another ally to his Russian protectors. Though Kim's attempt to pull off reunification by force in 1950 failed, his confidence soon recovered in face of continuing political confusion and corruption in the south. Neither President Park's solid rule, nor the economic growth that accompanied it, seemed outwardly to be undermining his hopes. But from today's standpoint are not the fires of Mr Kim's

parties have good reason to start clearing their thoughts about the conditions on which they could negotiate a coalition with the Alliance.

Below leadership level, however, there are a few Conservative and Labour MPs who would welcome a move towards some form of PR, usually because it would keep their party leadership under constraint, and probably open up the choice of new leaders who carry the symbol of approval to be awarded by the Alliance. Mrs Thatcher, say, would be blacklisted; Mr Francis Pym, say, would be the darling of the day. Mr Wedgwood Benn would be out in the cold; Mr Healey or Mr Peter Shore would be in favour.

Disregard, though the morality of a coalition between parties that is to be justified neither by a profound national crisis nor by agreement on common ends. What, for example, is the point of 27 Labour MPs, probably with more still to follow, leaving their party after a total loss of faith and then blackmailing their way into a coalition that would make them bedfellows of colleagues they had foreseen?

The latest booklet out of the Conservative Political Centre examines the case for PR, and arrives, not surprisingly, at the conclusion reached privately by Conservative Party managers a few years ago: that the disadvantages of electoral change outweigh the advantages, theoretical or practical. Angus Maude and John Szemerey, as in the Central Office's own study, boiled down the hundreds of Heinz varieties of PR to seven basic types, and they gave warning against "a major constitutional and political upheaval".

* Why Electoral Change? by Sir Angus Maude and John Szemerey, Conservative Political Centre. £2.00.

David Wood

Reviving the case for PR in Britain

The argument for reforming the electoral system of the United Kingdom is enjoying a mild revival here and there inside both the main political parties for an obvious reason. There could be circumstances after the next general election in which MPs of the SDP-Liberal Alliance, not necessarily very numerous, would hold the balance of power in the House of Commons and be able to choose not merely which party should form a government, but also whom among that party's leaders they preferred as Prime Minister.

After that the Alliance, assuming its MPs could work together for a few weeks, would proceed to claim a share of ministerial portfolios and to dictate legislative priorities. The legislative priorities which the Alliance insists must be the condition of any coalition, would be a change from direct election on the principle of first past the post to one of the unnumbered systems of Proportional Representation.

Set down in its tactical political form, the Alliance's strategy smacks more of crude blackmail than of piety about the fairness of the British electoral system. Nevertheless leaders and the rank and file of both main

Mrs Thatcher, as we know, took that warning to heart and there would have to be very exceptional circumstances before she agreed to any coalition to survive in office that depended on a shift to PR.

Students of politics, especially those who hold strong views one way or the other on PR, should put Why Electoral Change? on their reading list, not because it breaks new ground or is especially apocalyptic but rather because it puts the sceptic's case lucidly, practically and fairly. It should be reckoned compulsory reading for Britain's European MPs in Strasbourg who will soon have to decide the recommendation they must make to the Council of Ministers for 1984 direct elections on a uniform system throughout the Ten. The Seidler report, as amended by the Political Affairs Committee, proposes the West German Buna system relegated so that 75 per cent of MPs would be elected by PR for constituencies and 25 per cent from regional lists cooked up by party caucuses.

The proposal is likely to get through the European Parliament and be sent up to the Council of Ministers, but a shrewd gambler would put his money on the Ten agreeing to disagree and leaving well alone, no matter what the Rome Treaty orders. In France and two or three other EEC countries the party list system is valued as a perquisite of caucus patronage, and in Strasbourg today nothing smells democratically sweeter than the British system.

* Why Electoral Change? by Sir Angus Maude and John Szemerey, Conservative Political Centre. £2.00.

Protecting the public interest

From the Chairman of the Wider Share Ownership Council

Sir, You do well to criticise (even in such measured terms) the recent activities of the Monopolies Commission (leading article, January 21).

In free society the ownership of shares in a company manifestly confers the right to take decisions on the conduct of that company's business, including a decision on whether it should merge with another company.

The interests of shareholders also require the maintenance of a free market, and it is in this capacity as well as in the capacity of consumers that they rightly support restrictions on the emergence of monopolies.

What shareholders cannot be expected to support is the exercise, by a body which they reasonably regard as concerned with the restriction of monopoly, of discretion to protect something called the "public interest" which may seem to be quite irrelevant to their own interests as shareholders, or indeed as consumers.

If you are correctly intimate, the interpretation and protection of the public interest is a matter for the elected representatives of the people and should not be delegated to a body appointed by the Secretary of State. It is no reflection on the members of the Monopolies Commission to say that the decisions of such a body will inevitably reflect their own political prejudices — and, perhaps more significantly, those of the bureaucrats who write their briefs.

The interests of the shareholders of some of the companies concerned in these recent decisions may well have been upheld. There is, for instance, a strong case for saying that takeover bids rarely benefit the bidding company's shareholders, who, ironically, are often unable in practice to influence their own directors in the matter; and it may indeed be partly for this reason that fashionable opinion has, as you say, become less sympathetic to mergers.

Neither the protection of these shareholders, however, nor the fortunes of the others involved should be dependent on what the Monopolies Commission conceive to be the public interest.

Yours faithfully,
EDGAR PALAMOUNTAIN,
Chairman,
Wider Share Ownership Council,
Juxon House,
94 St Paul's Churchyard, EC4.

January 21.

Poland's story

From Mr Peter Calvocoressi

Sir, Poland was conquered by the Red Army in 1944. The Western Allies could neither undo this fact at Yalta (1945) nor prevent it at Teheran (1943). They got Stalin to accept certain rules about administering and restoring occupied territories. This was the best they could do, but they knew, and presumably Stalin knew, that they could not enforce these rules if Stalin chose later to break them — as he did.

This is an unhappy and deplorable story, but it does not constitute a "betrayal." There was no agreement at Yalta or anywhere else to hand Poland over to Stalin. He already had it. Dredging up misinterpretations of history helps the Poles not one little bit.

Yours etc.,
PETER CALVOCORESSI,
Guise House,
Aspley Guise,
Milton Keynes,
Buckinghamshire.
January 21.

Hippo hazard

From Mr J. M. G. Halsted

Sir, The problem of desecration facing Colonel Hill's parents playing golf in Tientsin (January 12) were, or still are, nothing to the hazards facing golfers at the Nyanza Club, Kisumu.

Rule 4 on the score card reads: "If a ball come to rest in dangerous proximity to a hippopotamus or crocodile another ball may be dropped, at a safe distance, no nearer the hole, without penalty."

I am, Sir, etc,
MICHAEL HALSTED,
4 Albert Court,
Albert Road,
Cheltenham.
January 15.

Positive discrimination

From Mr Oscar Werdmuller

Sir, Professor Ronald Dworkin suggests (December 12) that one cannot morally justify the use of positive discrimination on the basis of righting past wrongs suffered by a racial group, because the individuals who benefit from special preference are not necessarily those who have suffered most, and because the individuals adversely affected by such measures should not be asked to assume the burden of society's past injustice. Instead he argues positive discrimination is justified because of the future benefit to the community as a whole.

The conflict which Professor Dworkin has confronted comes down to this: on the one hand we would all like to believe that we are judged on our individual merits; on the other hand the United States experience has shown that individual positive discrimination on the basis of race (and sex) is vital to any genuine progress towards racial (and sexual) equality.

It is not sufficient, however, to argue that only the future benefit to society as a whole justifies the use of positive discrimination. Racial discrimination as a social process involves a great deal

LETTERS TO THE EDITOR

The Japanese as war industrialists

From Professor Michio Morishima

Sir, Julian Amery, in your letters column of January 22, has suggested that Japan should provide massive finance in the shape of interest-free defence loans to the West. I believe that this idea would constitute a recommendation to Japan to become a war capitalist (or if Mr Amery would prefer, a defence capitalist).

If the Japanese were to receive such a recommendation, they would start to think along the lines of becoming either war capitalists or war industrialists. I would suggest that they would choose the latter course.

According to your paper (December 29, 1981) Nissan has started a new venture producing munitions. Many other big Japanese companies, such as Mitsubishi, etc, could follow suit. If this were to happen, sooner or later (I would say definitely within 10 years) Japanese-made munitions would flood the world, and Western munitions manufacturers would suffer from this competition to exactly the same degree as Western car manufacturers are now suffering from Japanese competition. Therefore, Mr Amery's idea, which he puts forward as a remedy for trade imbalance, would aggravate the situation.

It seems to me that Mr Heath had a much more sensible idea in his message to Mr Suzuki, printed in your columns on June

16, 1981. He suggested that Japan could make substantial financial contributions to stabilising the international monetary market. He also suggested that Japan should make available aid to the third world, and should collaborate in promoting investment and development of high technology.

For several years now I have been advocating in Japan that

massive aid, or interest-free loans, be offered to the third world, and that support in the field of education be extended to the West.

For the Japanese, however, the

new status of the former Apostolic Delegate in London involves unreserved Vatican recognition (at long last) of

British sovereignty in Northern Ireland even though ecclesiastical matters in that province will be dealt with on the Pope's behalf by the Papal Nuncio in Dublin.

The latter, however, is still the Holy See's representation to "the Government of Ireland" which government claims sovereignty over all 32 counties of that country. The border, in other words, remains a matter of international dispute.

Japan v the West, would again emerge. This the Japanese very much want to avoid.

Yours sincerely,

MICHIO MORISHIMA,
International Centre for
Economics and Related
Disciplines,
London School of Economics and
Political Science,
10 Portugal Street, WC2.

Vatican 'muddle' in London link

From the Editor of The Catholic Herald

Sir, The upgrading of diplomatic relations between London and the Holy See is gratifying in many ways but worrying in others. It highlights the muddles into which the Vatican can get itself when trying to act as a "state" as well as being the headquarters of a Church.

It has been stressed that the

new status of the former Apostolic Delegate in London involves unreserved Vatican recognition (at long last) of

British sovereignty in Northern Ireland even though ecclesiastical matters in that province will be dealt with on the Pope's behalf by the Papal Nuncio in Dublin.

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Corruption in Nice

From Mr Graham Greene, CH

Sir, After the murder of a general on the streets of Rome around Christmas, 1980, I received a telephone call here in Antibes (though my number is not in the directory) from a rather rough voice which spoke in English unintelligibly. I told the voice that I could not understand a word it said. It then asked me if I spoke French. I admitted that I could at least understand French. It then asked me in a foreign accent if I were ready to receive three members of the Red Brigades. I said, "No." He replied abruptly, "Pourquoi?" I answered: "Because I would have to leave France next day."

The Red Brigades were at that moment trying to gain press publicity, and a reporter of an Italian magazine was under arrest for publishing an interview with a member of the Brigades.

I reported the telephone call to a member of the Ministry of Justice; and he agreed with my impression that Nice was very likely as much a hide-out for members of the Red Brigades as the Basque area of France for members of ETA. The criminal milieu of Nice, a city noted for its corruption, which has led to the closing of the casinos — La Meridionale and the Ruhl, and the disappearance (and almost certainly the murder) of Mille Roux, the owner of certain key shares in the Meditterranean. Whether the man who spoke to me on the telephone (how did he obtain my number?) was really a member of the Red Brigades, or whether he was a member of the milieu of Nice — one of whose party members, who had been implicated in Italy for theft, I had to some extent exposed — I cannot be sure.

The criminal corruption of Nice by the criminal milieu, of police officers, certain magistrates and some avocats, is a subject which has been well described in a novel by Monsieur Max Gallo. If old age permits I hope to deal with it too in a non-fiction book based on personal experience. As for the title I shall have to borrow from Zola, *J'Accuse*.

Yours truly,
GRAHAM GREENE,
Antibes, Alpes Maritimes,
France.

Proper names

From Mr T. E. Hatton

Sir, I am a Clerk and Receiver addressed to me as 1. Sir Clarke Obe.

2. The Clerk and Redeemer.

3. The Old Horse.

4. Mr Only the Clerk.

Moreover, the Clerk occasionally protests at being coupled with the Deceiver and the Receiver has been known to free himself from an association with the Shark.

Yours faithfully,
T. E. HATTON.
The Old House,
Mickleham,
Surrey.



COURT AND SOCIAL

COURT CIRCULAR

BUCKINGHAM PALACE January 23. The Prince and Princess of Wales this afternoon visited the Dick Sheppard Show, Tulse Hill, London, SW7.

Mr Francis Cornish and the Hon Mrs Vivian Baring were in attendance.

SANDRINGHAM, NORFOLK January 24. Divine Service will be held in Sandringham Church this morning.

The Bishop of Stepney preached the sermon.

The Duke of Gloucester as president, Institute of Advanced Motorists, will launch BP Oil Company "Young Driver of the Year National Competition" at BP House, Highness on February 20. His Royal Highness will later attend a court luncheon of the Partenmakers' Company at the Royal Chandlers' Hall, London EC4.

A memorial service for Lord Cornwallis will be held today at St Margaret's, Westminster, at noon.

A memorial service for Colonel Sir Douglas Glover will be held at St Margaret's, Westminster, on Friday, February 26, at noon.

The Bishop of Stepney preached the sermon.

Latest wills

Latest estates include (not before tax paid):

Carrie, Sir Olaf Kruuse Kirkpatrick, of Steyning, West Sussex, last Governor of the North-West Frontier Province. £150,520

Dowdle, Mr Arthur John of Whitstone, Cornwall. £205,574

Newstead, Mrs Amy Florence of Edgbaston, Birmingham. £25,244

Thoburn, Mr Hugh Forsyth of Benden, Kent, chartered surveyor. £1,293,316

Weale, Mr Wallace Henry of Ludlow Shropshire. £204,380

Dinners

Prize League

The West Sussex branch of the Prize League held its annual Dinner at the Royal Norfolk Hotel, Bognor Regis, on Saturday. The guest speaker was Dr Michael Marshall, MP.

Womans' Society of the Institute of Chartered Secretaries and Administrators

The annual dinner of the Women's Society of the Institute of Chartered Secretaries and Administrators was held on Saturday at the Cafe Royal.

Marriages

Mr R. L. Jenkins and Miss D. Hanna

The engagement is announced between Rex, elder son of Mr and Mrs Ronald Jenkins, of Surrey, and Dorothy, younger daughter of Mr and Mrs George Hanna and Mrs Jane Hanna of Dungannon, Northern Ireland.

Mr J. M. Landale and Miss C. A. Smith

The engagement is announced between Mark, elder son of Brigadier C. A. Landale, of Mullens Pond, Weyhill, Hampshire, and the late Mrs Alison Landale, and Carolyn, only daughter of Mr D. B. Smith, of Adder Moss Farm, Over Alderley, Cheshire, and the late Mrs J. W. Sanders, of Lindfield, Sussex, and the late Mrs Sanders.

Mr C. G. T. E. Bishop and Miss S. E. Sanders

The engagement is announced between Chips, son of the late Mr E. Bishop, and of Mrs Bishop, of Hinton Keynsham, and Sally, daughter of Colonel D. H. W. Sanders, of Lindfield, Sussex, and the late Mrs Sanders.

Mr S. J. Brereton and Miss C. Murray

The engagement is announced between Stephen, elder son of the late Mr H. R. Storrier Storrier, of Ealing, and Corinna, eldest daughter of Dr and Mrs R. G. M. Wedderburn, of Kowloon, Hong-Kong.

Mr F. O. Stowell and Miss C. M. M. Wedderburn

The engagement is announced between Oliver, elder son of the late Mr H. R. Storrier Storrier, of Ealing, and Mrs R. L. Brereton, of Thornton, and Corinna, eldest daughter of Dr and Mrs R. G. M. Wedderburn, of Kowloon, Hong-Kong.

Mr N. de N. Winstor and Miss S. Wesley-Smith

The engagement is announced between Nigel, only son of Mr and Mrs R. S. Winstor, of Hidden Cottage, Hungerford, Berkshire, and Shane, eldest daughter of Mr J. Wesley-Smith and Mrs I. S. Morgan, of Hickling, Melton Mowbray, Leicestershire, and Miss Elizabeth Gibson, twin

daughters of Mr Justice and Lady Gibson, of London. The Master of the Temple officiated.

Mr P. D. T. Galvin and Miss H. J. M. Swan

The marriage took place on Saturday at St Edmund's, Bury St Edmunds, Suffolk, between Mr Patrick Galvin, younger twin of the late Major T. D. Galvin and Mrs Galvin, of Longwood House, Ipswich, Suffolk.

Calvin, second daughter of Dr Conrad and Lady Conrad, of Bury St Edmunds, Suffolk, and Miss Swan, twin

daughter of Mr Justice and Lady Gibson, of London. The Master of the Temple officiated.

The bride, who was given in marriage by her father, wore a gown of cream embroidered net and a long cream veil held in place by diamond pins. She carried a bouquet of cream roses, Miss Frances, Miss Alexandra Pollock and Miss Catherine Swan (sisters of the bride), attended her. Mr Michael Galvin, twin brother of the bridegroom, was best man.

The bride, who was given in marriage by her father, wore a gown of cream embroidered net and a long cream veil held in place by diamond pins. She carried a bouquet of cream roses, Miss Frances, Miss Alexandra Pollock and Miss Catherine Swan (sisters of the bride), attended her. Mr Michael Galvin, twin brother of the bridegroom, was best man.

The marriage took place on Saturday at the Temple Church between Mr Richard Morgan, eldest son of Mr and Mrs T. S. Morgan, of Hickling, Melton Mowbray, Leicestershire, and Miss Elizabeth Gibson, twin

daughter of Mr Justice and Lady Gibson, of London. The Master of the Temple officiated.

Mr J. J. Mainwaring-Burton and Miss N. J. Crowther

The marriage took place on January 9 at St Mary's-on-the-Brake, Buntingford, South Africa, of Mr Jeremy Mainwaring-Burton and Miss Nicola Crowther, The Buntingford official, was assisted by Rev Henry Bush.

The bride, who was given in marriage by her father, was attended by Miss Mandy Crowther, Miss Sophie Mainwaring-Burton and Lucy and Jake Crowther. Mr Guy Mainwaring-Burton was best man.

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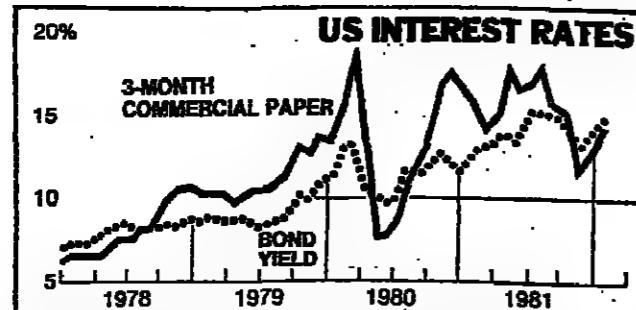
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BUSINESS NEWS



Europe looks to US

The extent to which European countries can lower their interest rates this spring will depend on what happens to United States rates. Presently bond markets hope for lower inflation but are worried about the prospective weight of federal funding. Short term rates reflect uncertainty over the Fed's policy. Another disappointing set of money supply figures last Friday seems unlikely to ease nervousness.

ACC in court today

Associated Communications Corporations will be the subject of two court actions today. The first is the continuing High Court hearing instigated by Mr Gerald Ronson's Heron Corporation to prevent the Australian financier, Mr Robert Holmes a'Court, gaining victory over ACC. The other is the attempt by the Post Office Pension Fund, leading ten institutional shareholders, to stop ACC paying cash, or selling property to Mr Jack Gill, the former managing director.

Budget plea to Chancellor

The effect of financial targets in the public sector has not been to increase efficiency but to increase prices, thereby increasing private sector costs, the Council of Mechanical and Metal Trades Associations argues in its Budget representations to the Chancellor.

The association, which represents employers in mechanical engineering and metal goods, uses Government statistics to show that the public sector has not been subject to effective incentives to improve its efficiency.

Instead, it claims repeated price rises have put further strain on the private sector and it urges the Chancellor to do something to repair the damage.

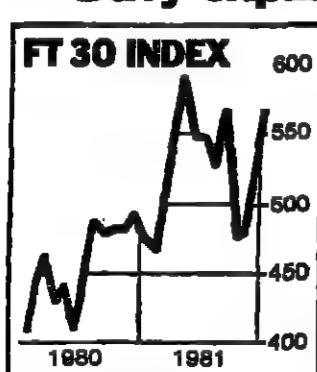
Sweet and sour

Oil-rich Arabs are spending some of their wealth on two British-made delights — Swiss rolls and pickled onions. More than 72,000 of the jam-filled rolls are being exported to Saudi Arabia every month by Adams Biscuits of Uttoxeter. Pickled onions are being exported by Shaws of Huddersfield.

Business Editor, Page 13

THE WEEK AHEAD

Davy expands overseas



FT Index 567.2
FT Gilts 64.15
FT All-share 323.39
Bargains 23,611
(Friday's close)

Two very different pictures will emerge this week when two of the country's major engineering firms — Davy Corporation and John Brown are due to produce half year figures.

Davy will emphasize its position as Britain's largest engineering contractor with a positive increase in profits, largely from major overseas contracts.

But at John Brown problems in the machine tool division led to a Stock Exchange inquiry when five million shares were placed only days before Mr John Mayhew-Saunders, chairman, said profits for the year would be lower. The

ECONOMIC VIEW

Perhaps the most significant economic feature of 1981 may be what has happened to underlying trends in productivity and international competitiveness. There are hopeful signs of improvement in both.

Wednesday sees publication by the Department of Employment's "Gazette" of new figures on labour costs per unit of output for the third quarter of 1981. Keeping the rise in these costs below that of our international rivals is crucial to achieve lasting improvements in competitiveness.

Last week the Department of Employment released figures showing that unit wage costs in manufacturing rose by only 2 per cent in the year to October, down from 25 per cent rise in the third quarter of 1980.

By comparison labour costs per unit of output in other leading industrialized countries are rising at an annual rate of roughly 3 to 4 per cent on average.

The combination of a negligible rise in unit wage costs and a falling exchange rate — down more than 10 per cent over 1981 — has enabled Britain to claw back perhaps 10 to 15 per cent of manufacturing competitiveness lost between the end of 1978 and early 1981. But this still leaves us 35 to 40 per cent less competitive than we were then.

Wednesday's figures will reveal how far the gains in manufacturing are reflected in the rest of the economy. In the first half of 1981 the other sectors were performing significantly worse after a better showing in 1980. The third quarter figures may see the gap narrowing again.

BOARD MEETINGS

TODAY: Interims: Mercantile Bank, Davy Corporation, Investment Trust, David S. Smith, Wm. Somerville.

Finals: Alexander's Discount, Allied Textile, A. Kershaw, Megic Holdings, Rank Organisation.

TOMORROW: Interims: Sidney House, Davy Corporation, Finsbury Industrial, (9 minutes), Hambro Trust, Macarthy's Pharmaceuticals, Benjamin Priest, Somptex.

Finals: Ashdown Investment Trust, Dunbar Group, Vantage Securities, R. Kelvin Watson.

WEDNESDAY: Interims: Associated Dairies, City of London Trust, Daxian Holdings, Fashion and General Investment, R. and J. Pullman, Stewart Plastics.

Finals: Bullough, Edinburgh American Assets, Eurotherm International, Scottish American Investment, Union Dacorum of London.

THURSDAY: Interims: Fitch Lovell, Garford-Lilly Industries, FRIDAY: Interims: John Brown, Longton Industrial, Neaplast,

DIARY

TODAY: New vehicle registrations (December), British Aerospace roll out new Jetstream 31. TOMORROW: Unemployment and unfilled vacancies (January provisional). Wednesday: Unemployment and unfilled vacancies (December final). Employment in production industry (November). Thursday: Energy trends. Sales and orders in the engineering industry. Car and commercial vehicle production (December).

Labour considers new controls on planning

By Donald Macintyre, Labour Correspondent

Wide-ranging "development contracts" which would give a Labour Government substantial new influence over private industry are envisaged in a policy paper to be discussed by union and party leaders today.

The proposed contracts would replace and extend the scope of planning agreements which remained a part of the last Labour administration but failed to have any real impact.

The contracts would be made with a wide range of companies, including nationalized industries, the largest British firms, and the United Kingdom subsidiaries of multinationals, by a new state industrial planning authority.

The proposals going before today's meeting of the TUC Labour Party liaison committee suggests that, with other statutory powers, discretionary price controls could be used as a "crucial lever" to influence company policies by a Labour Government.

The paper, in a series of proposals which take into account the experience of the last Labour Government and of the national plan under Lord George-Brown in the 1960s, says that the Government would want to negotiate agreements on both the "level and composition of corporate import spending."

The confidential paper going before the committee, entitled "Planning negotiations — The link between

industrial democracy and national planning", says: "The ability to allow or refuse a price increase on planning grounds could provide planners with a very powerful lever over cash flow."

The Government would use agreements signed by the new authority to shape which is still to be discussed by Labour and TUC leaders and could take the form of a new Ministry or a separate body — to implement the central objective, of which is said to be "to influence corporate decision-making in a number of key strategic areas."

These would include purchasing policy; import protection; investment plans; pricing strategy; product development; industrial relations and training policy.

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The need to influence the purchasing policy of some large companies is stated in a passage arguing that industrial purchasing is a "key determinant to the distribution of output and employment". Bl, as the paper points out, spends £2,000m a year with 7,000 companies.



Mr. John Abel outside the Harrogate Conference Centre yesterday

US drive for small firms' exports

From Bailey Morris, Washington, Jan 24

The Reagan Administration is planning a new campaign to boost exports of small and medium-size companies by sending a series of trade missions abroad, led by cabinet ministers and bankers. Mr. Baldwin, the Secretary of Commerce, said the results of the first mission, to Africa, which produced about a dozen multi-million dollar contracts for American companies, have convinced him to proceed with the programme.

The 14-day mission to Cameroun, the Ivory Coast, Nigeria and Morocco was described as a "follow up" to President Reagan's pledge at the Cancun economic summit for more direct American investment in developing countries.

The administration hopes to accomplish two goals with the new missions.

By emphasizing exports of smaller companies, it hopes to create more jobs in recession-hit communities and by sending high-ranking ministers, it hopes to improve political relations with developing countries.

Mr. Baldwin said yesterday the Reagan Administration has long believed that its export emphasis should be on smaller companies which do not trade overseas.

Dr. Francisco Hernandez, president of Aero-Tech International, based in Miami, Florida, who appeared at a briefing with Mr. Baldwin and who went on the African trip, said the mission had been a big success for his medium-size company which has annual revenues of \$60m.

He said that in 14 days, he was able to bid successfully on five projects in three countries which produced business of several million dollars for his company.

It would have cost the company more than \$200,000 and up to a year's work to win the same amount of business on its own. Dr. Hernandez said.

Part of the success of the first mission, and presumably those to follow, resulted from the high-level rank of participants and the carefully selected list of 26 companies.

ETB puts a £50m sparkle into resorts

By Derek Harris, Commercial Editor

The English Tourist Board has put together a £50m investment package for a Yorkshire tourism development which is the first of a planned series of initiatives to put a sparkle back into English resorts, both coastal and inland.

Construction of a 230-bedroom hotel adjacent to the conference centre will start in April, given Department of Trade approval of a £2.5m loan.

Mr. John Abel, managing director of the local George Hotel company which will run the new conference centre hotel, expects to conclude negotiations for a lease on the hotel site soon with Harrogate Borough Council. A city institution has offered a backstop for the plan with cash also going in from the European Investment Bank and backing from City of London institutions.

THE HONGKONG BANK GROUP

announces that
on and after

25th January, 1982

the following annual rates
will apply

Base Rate . . . 14%
(Previously 14%)

Deposit Rate (basic) 12%
(Previously 12%)

The Hongkong and Shanghai Banking Corporation

The British Bank of the Middle East

Mercantile Bank Limited
Antony Gibbs & Sons, Ltd.

Standard Chartered
announce that on and
after 25th January, 1982
its Base Rate for lending
is being decreased from
14 1/2% to 14% p.a.

The interest rate payable on deposit accounts
subject to seven days notice of withdrawal will
be decreased from 12 1/2% to 12% p.a.

The interest rate payable on High Interest
deposit accounts subject to twenty one days
notice of withdrawal will be decreased
from 13 1/2% to 13% p.a.

Standard Chartered
Bank Limited

Plessey may build Japanese terminal

By Bill Johnstone,
Electronics Correspondent

Plessey has concluded a deal with the Japanese electronics company Nissho which could result in a Japanese designed computer terminal being produced in the United Kingdom bringing it into direct competition with the world's computer manufacturers.

The venture is the latest of a number of technical collaborative agreements struck between British and foreign companies wishing to exploit the opportunities presented by the liberal telecommunications market in the United Kingdom.

But the Government is seriously concerned that some areas of the telecommunications market have not been liberalized as quickly as possible. After accusations levelled at British Telecom regarding the approval of equipment, like telephone handsets, temporary approval machinery was set up by the

Department of Industry. Six handset designs have been approved out of 106 applications. They will now be tested by British Telecom.

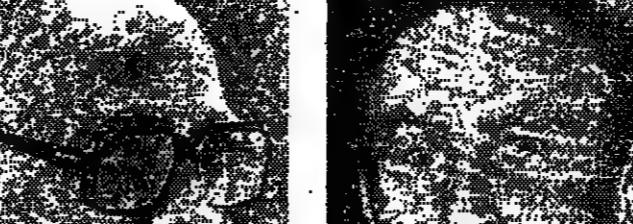
Of immediate concern to the Government is the lack of any agreement between British Telecom and Cable & Wireless. Both companies have been negotiating the terms under which C&W could link into the British Telecom with its own telecommunications network. Executives of C&W are scheduled this week to meet Mr. Kenneth Baker, Minister for Information Technology, to explain why they have been unable to reach an agreement.

It is expected that Harris Corporation of the United States which has won a contract to supply microwave equipment to British Telecom and has had its PAX design approved by the Department of Industry will soon make plans to manufacture on a large scale in the United Kingdom, possibly in Slough.

GTE/Ferranti, NEC/Redifon and ICL/Mitel are the recent examples of the partnerships.

Japanese company Iwatsu and American companies TIE and Stromberg Carlson are among those companies, including American Telephone & Telegraph (AT) which have been taking soundings of the new market.

Northern Telecom of Canada which has been linked with GTE in the past through a collaboration on the manufacture of Private Automatic Branch Exchanges (PABXs) is also investigating the potential in the British market.



Under pressure to agree: Mr. Eric Sharp, chairman of Cable & Wireless, and Sir George Jefferson, of British Telecom.

BUSINESS NEWS

DE LOREAN

Rocky road for US car suppliers

Much of the De Lorean motor company's difficulties are due to the depressed United States auto market.

Total new car sales in the United States last year reached only 8.5m. units, including imports. As recently as late summer, when sales of the De Lorean sports car were just beginning on any real scale, many United States economists were still predicting a market upturn with a total annual sales value of something over 9m. units.

The upturn did not materialize. Instead, sales in the first 10-day selling period of January dropped to an annualized rate of under 8m. units. The record sales year in the United States markets was 1973, when 11.4m. new domestic and imported cars were sold.

A few days ago, Mr Michael Evans, president of Evans Economics and a noted United States economist, told the Economic Club of Detroit that he believed there would be a car sales upturn, but not until later this year. Evans said total car sales will total about 8.7m. units this year, or slightly better than the 1980 total.

While the De Lorean sports car is aimed at the luxury end of the United States market, which has not been as depressed as the lower end, affluent car buyers have stayed away from sports models.

"Affluent car buyers are still out there buying cars," said a noted Wall Street automotive analyst. "However, they are not buying the toys, the two-seaters. They are buying more practical models, like Mercedes."

According to the trade paper *Automotive News*, direct competitors of the De Lorean sports cars are having an equal amount of difficulty.

It said that sales of the Chevrolet Corvette sports car dropped by 20 per cent last year to 29,639 sales. Alfa Romeo sales fell by 23.3 per cent to just 2,301 deliveries.

Retail sales of the De Lorean sports cars to customers totalled 3,009 last year, with 644 units delivered in December. That month's sales total equalled a seasonally-adjusted annual selling rate of about 8,000 units, less than half the planned annual rate or 20,000 cars.

The prolonged US car market depression has caused a build-up in the company's unsold inventory. The company's Dum Dum assembly plant completed about 7,500 units last week.

Of the 6,900 units shipped to the US as of December 31, 3,000 were sold to US customers. 1,400 cars or an average of four units per dealer, were at retail outlets waiting to be sold.

The company said that about 1,000 units were calculated to be on ships sailing for the US ports of entry. Another 500 units were calculated to be in the US but waiting to clear customs.

That left about 1,000 units at the company's three US quality assurance centres, where the cars are prepared for delivery to dealers.

Based on this information supplied by the company, *Automotive News* calculated that using the December sales rates, it would take the company 92 days to deplete the inventory.

That number is not unusually high for a small-value importer, according to the trade paper. The De Lorean inventory also compares favourably with other competitive US models. *Automotive News* said there was a 133 days' supply of Corvettes on January 1, compared with a 79 days' supply one year earlier.

The trade paper also reported that all the US domestic manufacturers had 100 days' supply, with an industry average of 107 days' supply. Some General Motors models had as much as a 338 day's supply.

Sales of all imports, particularly sporty models, are unusually lower in the winter but generally recover in the warmer months.

According to DMC's US dealers, that pattern has held true for De Lorean cars.

Although some dealers have been forced to discount De Lorean sports cars, that is to sell them for less than the \$25,000 (about £13,000) suggested price, there is not a panic developing.

Mr De Lorean and his sales and marketing lieutenants had originally expected the trend southern Californian market and the north-eastern United States to be its main markets. However, in recent months the central area of the country, the region

a three-year trial period. A grass-roots movement to overthrow the standard led by two Sussex-based chartered accountants has failed to gather support, mainly because most accountants want to let SSAP 16 run for its trial period.

A major part of ASC's work in 1982 will be to resolve the various conflicts between accounting standards and the 1981 Companies Act.

Chief among these is the last-in, first-out technique for valuing stock included in the law and the quite contrary first-in, first-out method embodied in SSAP 9.

Another problem is the increasingly wide limits companies have been using to define an extraordinary item. In SSAP 6, extraordinary items should be included in the profit and loss account below the line of pretax profits. But companies have been defining charges in their accounts which should correctly be included above the line as extraordinary and so have made comparisons between companies more difficult.

ASC also thinks 1982 will be the year of the pension. Two closely related projects, on accounting for pension costs in company accounts and on accounting for pensions funds, will dominate part of the year since both are highly complex. Unfortunately the accountants and actuaries who



John De Lorean: Selling in a depressed market.

ACCOUNTING

New round of standard setting

With the furor over Statement of Standard Accounting Practice (SSAP) 16 on current cost accounting having all but subsided, Britain's accountants are set to embark on a new round of standard setting.

Current cost accounting infuriated many company chairmen and even some accountants, but recent figures, which show that around 90 per cent of listed companies complied with the standard, have been interpreted by the profession as firm evidence of the standard's general acceptance.

And today, a discussion paper has been released on how to show corresponding amounts and five and 10-year summaries of results on an inflation-adjusted basis.

According to the Accounting Standards Committee, whose role is to oversee accounting developments, new rules for preparing inflation-adjusted summaries will stop companies giving their shareholders and the public a misleading idea about their performance.

Sales figures which show substantial increases every year when prepared under historical cost for example, can actually show a sales volume decline when prepared under the current cost convention. ASC also plans to introduce the requirement for CCA figures in half-yearly results. SSAP 16 is up for review in about two years and was introduced only for

control pension fund accounting are separated by a substantial gulf of understanding.

Where accountants want to treat pensions as part of an employee's wage and accrue it month by month and year by year until it becomes payable, actuaries maintain that as long as there are enough funds available to pay pensions as they fall due, that is all that is necessary. A big educational effort to bring the two sides closer to each other is likely to get under way in the spring.

Other issues include accounting for foreign currency translation, accounting for leasing and accounting for segmental reporting. Others include a standard on accounting for acquisitions and mergers and charities. A work is also due on accounting for business closures and depreciation.

The often imperceptible trend towards international convergence in accounting will be demonstrated in the spring when British, American and Dutch accountants meet under the chairmanship of a French accountant to discuss deferred tax.

The motivation here has been the introduction of investment incentives in the United States and the growing feeling that a tax provision should be made for them.

Drew Johnston

FINDHORN COMMUNITY

'Theory Z' from a caravan site

If you can imagine the most incongruous place in the world to come across an advanced mutant of the very latest American management technique, it could be a caravan site on what used to be a rubbish dump near Inverness.

The technique concerned is very similar to one adapted from the Japanese by far-sighted managements. It has been labelled "Theory Z" by Professor William Ouchi, who has analysed how many leading American and Japanese companies have used it to build successful consultative relationships between every level of management and the shop floor — in other words an open system, where threat and confrontation are replaced by trust and consultation.

The caravan park is the home of the Findhorn Community, where they live an "alternative" life style that might be thought by most British executives to be very different from the life of their own dear managing director. However, when inspected more closely, it is evident that something curiously interesting is going on here. This something is in fact highly relevant to British business — now based so frequently on a hierarchical system that not only divides white collar from blue but also divides work itself into little boxes, self-contained but hardly self-fulfilling.

Findhorn was started by a single family, the Caddys, as something of a spiritual experiment in self-sufficiency. After 20 years, it has now developed into a group of some 200 people who are developing a distinct philosophy of their own and at the same time running an extremely successful business.

The community's main purpose is educational, and it runs courses on horticulture, the arts, personal growth and management.

However, a number of associate entrepreneurs have recently set up separate organizations — such as an award-winning greeting card business and a home insulation company. Others have joined the community but maintained their businesses as separate entities.

Among those who have been drawn into this network is Mr Alan Jacobsen, who is starting regular management courses for chief executives and others where this Findhorn principle of growth through cooperation, rather than conflict, will be taught.

Mr Jacobsen himself was retained by the NEDC and worked successfully to improve productivity in the footwear industry along these lines.

The active principle is based not so much on worker participation as on the co-creation of success, with the

whole workforce being actively engaged towards this aim. The course explores different styles of management and teaches the effective channelling of human energies at work, by a combination of lectures, discussion groups and role-plays.

In a nutshell, what is happening in Findhorn is a very decentralized and democratic process, based on a communal consensus. Each group and department has to stand on its own feet — spiritually, financially and administratively — though with support always available from the centre, a small core group of ten which is the main executive body. Core group decisions have to be backed by a representative body of the whole community which determines and monitors the common will.

Francis Kinsman

CAPITAL MARKETS

Rise and rise of the zero coupon

It is two decades since the Euromarkets leapt to prominence, but their ingenuity never ceases to amaze.

The latest offering in these difficult times is zero-coupon bonds. The holiday festivities were barely over when borrowers rushed to market with this new instrument.

There are now a dozen zero-coupon bonds on offer, and more are expected. When pricing ordinary coupon is very hard and the market is nervously watching the Federal Reserve's titanic struggle with its money supply and interest rates, such bonds are attractive. The logic of high and volatile interest rates is to turn to capital gains.

That American corporations should have dominated the market so far is therefore significant. Household names such as Dupont, Caterpillar, Sears, Roebuck, Citicorp, J.C. Penney, Xerox and Beatrice Foods are among the borrowers. But other nationalities, Canadians being the most likely, are expected to follow soon.

The attraction of these so-called "deep discount" bonds is obviously greater for high-income tax payers. In most cases the paper is offered at less than half par value.

Japanese and Swiss institutions, both parties accustomed to low domestic interest rates, are said by dealers to have been major customers. But other institutions and even private investors are benefiting from an international trend towards favouring capital gains against income.

There are advantages for borrowers as well. A crucial element in the art of successful Euromarket placing is fine-tuning the issue to accord with interest rates and investor sentiment at the moment of placing.

Zero-coupon bonds do not eliminate the problem altogether because a discount must still be set. But some bankers argue this is easier than guessing interest rates.

The borrower may also be tempted by the completeness of a zero-coupon issue. Once it is made he has to do is spend the proceeds until redemption time comes around. There is no interest to pay, and by the same token no continuing need for foreign exchange.

But that does not explain why the market has to date been exclusively American. One possible explanation is that many American corporations have borrowed heavily from the short-term market because it was hoped that long-term interest rates would fall.

They have not, and so these companies are trying to balance their borrowings by turning to the Euromarkets. Zero-coupon bonds in present conditions are the cheapest way of making the adjustment.

Wall Street investment bankers were quicker to spot the opportunity than many of their European counterparts. Though it is true that Credit Suisse First Boston was the pioneer, bringing Pepsi Cola to market last October, it was Morgan Stanley and above all Salomon who exploited the market.

Despite being as much as 100 basis points cheaper than straight Eurobonds, zero-coupon do have their drawbacks.

First, as Beneficial Finance discovered with its \$150m offering, extra incentives may be necessary. Beneficial added a bondholder's option to redeem the eight-year bonds in five years at 67.20 against an issue price of 32.70.

Second, even though the issues are selling well, dealers are reluctant to quote less than 50 basis points between bid and offer prices.

The difference this can make to yields is considerable. At one stage Dupont's \$300m issue was being quoted at 32.25 bid and 33 offered, giving yields of 15.19 per cent and 14.86 per cent respectively.

Michael Prest

INTERNATIONAL

WEST GERMANY

• Herr Heinz Ruhau has been named Lufthansa's next chief executive from the middle of this year after a bitter struggle for power between the Bonn government, as represented on the company's supervisory board, and the airline's management.

Herr Ruhau, until now state secretary in the Bonn transport ministry, was appointed at the weekend to the managing board of Lufthansa, in view of becoming chief executive at the beginning of July in succession to Herr Herbert Culmann, who has held the job 10 years. His appointment was approved on Friday by the necessary two-thirds of the 20-strong supervisory board, but only because he cast his vote for himself. Four board members voted against him and two others abstained.

• West German officials dismissed as unrealistic a Soviet minister's pledge that the Siberian gas pipeline will be built ahead of schedule despite United States sanctions.

• Registrations of new motor vehicles in West Germany fell to 164,000 in December, 10.6 per cent below November but 5.4 per cent above December 1980. Car registrations fell 11 per cent from November to 145,700 but rose 4.8 per cent on December 1980.

• The 136-nation International Fund for Agricultural Development has chosen Rome as its permanent headquarters in preference to Istanbul. Contributions promised at a meeting in Rome of its governing council will enable it to resume funding its operations after resources ran out four months ago.

• Spain is seeking a large Eurocredit of about \$400m-\$500m from international bankers, banking sources said in London. The loan will probably carry an eight-year maturity, with an interest rate spread of 1/2 per cent above London Interbank Offered Rates.

• Spanish car production fell in November, to 78,030 from 98,790 in the same 1980 month and 84,970 in October. The Spanish Car Manufacturers' Association said in Madrid. Domestic sales fell to 25,720 from 45,670 and 37,160 respectively, while exports dropped to 30,650 from 42,930 and 41,040.

ITALY

• The 136-nation International Fund for Agricultural Development has chosen Rome as its permanent headquarters in preference to Istanbul. Contributions promised at a meeting in Rome of its governing council will enable it to resume funding its operations after resources ran out four months ago.

AUSTRALIA

• New South Wales, one of Australia's main industrial states, is facing renewed power restrictions because of the effects of the continuing strike by coal miners.

INDIA

• Mr A W Clausen, World Bank president, has praised India's economic development, especially in agriculture, and assured the Indian Government in New Delhi that the bank's total assistance to the country would continue at almost the present level. There were some earlier rumours of the aid being cut.

KENYA

• The Sheraton Hotel group is to build a 27-floor \$50m hotel in Nairobi. The hotel will become the African headquarters of the Sheraton Organization, which already has eight hotels in Egypt, six in West Africa, two in Tunisia, and one in Djibouti. It also has 100 rooms for hotels in Tanzania, Zambia, Zimbabwe, Swaziland and Kenya's coast province.

UNITED STATES

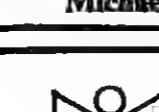
• Ford and General Motors, the top two American car makers, will cut production in the next few weeks because of continued depression in the new-car market.

Williams & Glyn's Interest Rate Changes

Williams & Glyn's Bank announces that with effect from 25th January 1982 its Base Rate for advances is reduced from 14 1/2% to 14% per annum.

Interest on deposits at 7 days' notice is reduced from 12 1/2% to 11 1/2% per annum.

WILLIAMS & GLYN'S BANK LTD



BANK OF SCOTLAND

Base Rate

The Bank of Scotland intimates that, as from 25th January 1982, and until further notice, its Base Rate will be decreased from 14 1/2% PER ANNUM to 14% PER ANNUM.

LONDON, BIRMINGHAM & BRISTOL OFFICES — DEPOSITS

The rate of interest on sums lodged for a minimum period of seven days or subject to seven days notice of withdrawal will be 12% PER ANNUM, also with effect from 25th January, 1982.

KELSEY INDUSTRIES LTD.

Statistics from the Report of the Chairman, Mr J. G. Moss, and the accounts for the 12 months to 30 September, 1981.

	1980/81	1979/80

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BUSINESS NEWS/FOCUS AND COMMENT

PEOPLE

Don't touch a lock of her hair



Locksmith Maria Ann Banham, 86

Reader Mr Joseph Samson of Harrow, north London, just had to write a letter to *People*, so pleased was he with Banham's Patent Locks Ltd.

"In 1949", Mr Samson wrote, "I had the firm's locks fitted in my house. When this year, he was low on keys, he wrote off to the company in the 'forlorn hope' of being able to order some more."

Although the locks were obsolete, Banham's made new blanks and within two weeks he had a fresh set free. "How many firms today", crowed Mr Samson, "can offer such a free service 33 years after the original order was placed?"

Mrs Samson does not know the half of it. They keep time in its place in Banham's Kensington headquarters. The managing director, for instance, is a man of 86, Mrs Maria Ann Banham.

"Mrs B" to the staff, she opened her first business, a gown shop in Brixton, when she was 17. "I always ran my shop differently to anybody else. I had outdoor tailors and dressmakers" because every time you got a good number and it was selling well, you'd ring the wholesaler and they'd say, "Oh, we're on our spring collection now" — and this might be in November."

By the 20s she was married to Mr William Banham, publisher of a racing guide. They now had a gowshop in the West End, in Shaftesbury Avenue.

After a break-in Mr Banham set to thinking how much safer the gowshop would be if there were a lock that enabled them to bolt the door inside as they turned the key from the outside on their way home.

He got talking with his sister's brother Leon, who was good at locks. They came up with what, much modified, is today called Banham's New Security Latch and Door Bolt.

In 1928 Mr Banham began the lock business on the top floor, with Mrs B continuing to sell gowns on the ground floor. In 1945 the Germans scored a direct hit on them one lunchtime and they were buried for nine hours.

When he died in 1951 Mrs B hung up her tape measure and took over the lock business.

That she is still there is not for lack of heirs. Three of the seven children are in the business, Mr Peter, Mr John and Mr Gerry, as well as grandson Mr Charles.

"I just can't live without work", says Mrs B. "I'm a workaholic, really, I have a sister, Margaret, that worked in the business as well, and she was always threatening to retire, because we're a shocking lot to work with... she retired two years ago (at 89) and she's never left off moaning 'Oh, don't retire, you don't know how terrible it is.' She doesn't even have to tell me. Do you know I don't even go on holiday?"

As with the gowshops, so with the security business, service is the key — only this time it is 24 hours a day, 365 days a year. The firm never advertises, winning customers by word-of-mouth, and claims never to lose one, for as Mr Peter says: "We will put ourselves out where other people won't."

Banham's today is a business with 350 staff, a turnover of £3m, a big new factory in Nine Elms, and in Fulham, a four-storey "central station" sleeplessly monitoring customers' alarms.

And this morning Mrs B will be at work. She lives just up the road from the Kensington shop. "I get in about ten, but on the way I always get a lot of grub for the staff in case they get hungry. I think if you feed them they keep on working."

Ross Davies

NEW APPOINTMENTS

Mr C. P. Fowler will succeed Mr John Haggis as managing director of Newmarket Microsystems, a member of the Cambridge Electronic Industries Group. Mr Fowler joins CEI from the British Technology Group where he was assistant divisional director of the computer and electronics division. Mr John Haggis will become managing director of Pye RF Systems.

Mr Roger Barracough has been appointed administrative director of the Delson Companies.

Mr Peter Withers has been appointed a director of Unilife Assurance Services.

Will 1982 be the year when the Government brings back credit controls? The idea is right out of line with the changes made in the running of monetary policy in recent years.

But its plausibility is increased by two powerful facts.

The first is that the Government is faced with an increasing conflict between its hopes of economic recovery and its commitment to tight control of sterling M3.

The second is that it wants to get out of this problem without recourse to the obvious solution available to it under the current regime, the use of sharply higher interest rates.

If price cannot be used as a way of sharing out the scarce resource of money, then maybe rationing will be needed.

One argument in favour of the likelihood of controls is the action of the Bank of England when presented with the big increase of bank lending for house mortgages. Last week it stepped in to warn the High Street clearers to take much greater care to ensure that lending ostensibly for this purpose was actually used to buy houses and not to finance general consumption.

The gains from ending a situation where industry cannot afford to borrow to invest because private consumers are borrowing to buy Japanese imports are obvious.

As the year goes on, we might see greater use of the Bank's powers of guidance to channel funds by its traditional system of nods and winks. The problem for the authorities is obvious.

Bank lending to the private sector is running at about £100m a month. This is roughly twice as much as is consistent with the money supply growing in line with the government's target.

What happens if interest rates fall? As we have discovered over the past two years, the demand for money is a more complex phenomenon than for most goods. As interest rates rise, there can actually be a short-term

Credit controls: will the Government bring them back?

David Blake

increase in the money which many companies need to borrow. This is because the borrowing figures include interest rate bills in many cases. Lots of firms just add on their interest charges to the amount they have borrowed from the bank.

But this is just one factor in the total amount which is borrowed. Companies also need money to finance stocks and to fund expansion. So although a drop in interest rates will reduce one component of bank lending, other aspects of demand for money by companies will be boosted if interest rates fall. In particular, it would be sensible to expect that companies will be more willing to borrow to hold stocks if interest rates fall.

Consumers are simple in their behaviour. When interest rates rise they borrow less and when they fall they borrow more.

The problem is that governments quite often would like to see the company sector borrowing more to finance investment and sustainable expansion, but are not keen on consumers borrowing to buy goods which are quite likely to be imports. Yet if interest rates are used to choke off consumer demand, companies find themselves saddled with higher interest rate bills which reduce their competitiveness.

In the past the authorities used their power to limit some kinds of consumer credit as a direct means of dealing with this problem. Credit squeezes in the 1960s were not about double-digit interest rates. They were sharp increases in the severity of restrictions, on both bank lending and hire purchase arrangements.

This use of the stick was backed up with positive guidance by the Bank of England. They instructed banks that they ought to give preference to lending to industrial companies. That

There are, however, equally obvious costs. Some of these are political. The change would involve greater intervention by the authorities to decide just what categories of lending ought to be favoured, something

which is out of line with Government thinking.

There are economics drawbacks as well. Any system of control automatically breeds avoidance. With more than 600 banks in the United Kingdom, the scope for this is immense. The big increase in house mortgage lending gives us a taste of just how difficult it can be to know the exact use for which borrowed money is intended. Throughout 1981 we saw strong competition in the mortgage lending field, which was one of the main growth areas for the banks. Yet the fall in house prices shows us clearly that the cash was not being used to fund a house price boom.

What seems to have happened is that the property price increases expected in the spring did not happen. Some people moved house but paid less for their new residence than they expected; others did not move at all but borrowed money for home improvements.

Either way, they found themselves able to borrow more money from the bank than they needed to finance their home purchase. This was very convenient at a time when living standards were starting to fall, for home loans are ideal money to borrow.

On most calculations, controls look the only way in which the government could hope to achieve its targets.

those sectors which are not

The key question here is whether the leakages are great enough wholly to undo the gains. There is no reason why they should be in the sense that controls could ensure that a higher proportion of funds went into industrial lending and that consumer lending were kept in some kind of check.

Specific measures to restrict lending for consumption look the most likely form of action if the authorities decide to do something. Prospects for general controls on the total level of bank lending rely on a different calculation than the split between the various kinds of lending. They depend on the view that if the Government wants to choke the total level of bank lending down to that required by its medium-term financial strategy it really has no choice but to go down the controls path.

The danger of imported inflation is allegedly reduced by the greater attention being paid to exchange rate policy and the greater readiness to use the reserves to support the spring of this year.

Whether that is a correct political prognosis is a moot point. One could equally well argue that the votes of the unemployed are already lost to this government, if it ever had them anyway, and that its own interests depend far more on being able to buy the hearts of those still in employment with substantial pay increases.

But politically acute as the Prime Minister undoubtedly is, I doubt that she approaches the problem from either of these standpoints. Though she clearly wants to see an improving employment situation and more money left in the individual's pocket, she believes that the national interest and her own political interest run down the same track in first demanding lower inflation and a consolidation of the painful progress towards a more efficient and more competitive economy.

On those grounds alone, there can be little prospect of the Government considering significant reform.

The bottom line of the matter would seem to be that while the Prime Minister and the Chancellor have become more flexible in their tactical approach, they remain determined to stick to their basic strategy of running a tight ship. In that sense the forthcoming Budget is not perhaps quite as critical as it might appear.

The emphasis this year, then, looks likely to remain on keeping the prospective PSBR to a size that the Chancellor feels will allow a progressive downward movement in interest rates — overseas developments permitting. He may even be in a rather more realistic position now to fulfil his 1980 hopes of seeing the long-term corporate debt market reopened and the fundamental monetary situation correspondingly improved.

Business Editor

No great reflation in sight

It may only be January but the fact of the matter is that is a mere six weeks until the Budget — March 9 being the appointed day.

Whether this is to be the final Budget speech Sir Geoffrey Howe delivers — on the assumption that there will be a further and final Cabinet reshuffle this year — remains to be seen.

But whatever the speculation, the assumption is that the Government wants to choke the total level of bank lending down to that required by its medium-term financial strategy it really has no choice but to go down the controls path.

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Whether that is a correct political prognosis is a moot point. One could equally well argue that the votes of the unemployed are already lost to this government, if it ever had them anyway, and that its own interests depend far more on being able to buy the hearts of those still in employment with substantial pay increases.

One mistake which no one ought to make is to assume that they represent a painless way of achieving those targets. The problems come because there is a fundamental incompatibility between the allowed growth in sterling M3 and the hope for recovery.

There is no way of cutting down consumer borrowing without cutting down consumption also. If consumption falls, output will not go on rising. There are perfectly respectable reasons for looking again at using credit controls to help manage monetary policy. These arguments are likely to attract increasing attention over the year ahead as the Government tries to reconcile a pick up in output with monetary restraint. But no one should be deluded into thinking they provide a free solution to the problems facing the economy.

America's see-saw money puzzle

INTERNATIONAL OUTLOOK: U.S. INTEREST RATES

By Caroline Atkinson

different measures of the money supply, but most of the important ones have had to be defined and redefined in the last two years to keep up with financial innovations. The monetarist policy which has let interest rates rise swiftly on unregulated savings instruments, for example, also led to a blurring of the distinction between current and deposit accounts and to a spectacular rise in new forms of saving which escape the interest rate limits on conventional bank and savings and loan deposit accounts.

In America, as in Britain, the monetary authorities are trying to fight inflation through restricting the money supply. So far they have been more successful in hitting their annual targets for money supply growth than has the Bank of England. But from week to week and quarter to quarter there have been large fluctuations in the money supply which the Federal Reserve Board has been unable to predict, explain or control.

Last year, for example, the money supply first expanded at an annual rate of more than 100 per cent for a few months, then grew by less than 2 per cent at an annual rate from the beginning of April to the end of October, and finally jumped again in November and December at an annual rate of more than 12 per cent. The pattern in 1980 was just as erratic.

Since the Federal Reserve started its policy in October 1979 from one of controlling interest rates, to controlling the money supply directly, there have been wild swings in interest rates as well as in the money supply. This volatility may be an important reason for the generally high level of American interest rates, according to research from the private economic forecasting group Data Resources Inc.

Some monetarists in the Administration still believe that the Fed could make the money supply grow more smoothly if it only wanted to. But most economists disagree. The Federal Reserve has targets for a whole variety of money measures, although it concentrates on the narrowest measure, which includes cash and all current accounts and banks and other financial institutions. But the different measures sometimes send different signals. In 1981, while the narrow M1-B measure was shrinking, M2, which also includes deposit and savings accounts at banks and other institutions, was growing above its target range.

The Reagan Administration was quick last week to criticize the Fed for the surge in the money supply that began late last year and apparently worsened at the start of 1982. The President blamed the money figures for an ominous rise in interest rates in recent weeks. His Treasury Secretary said that the Federal Reserve's tools for controlling the money supply for the close of business

deficits which, while not inevitable, are an inevitable result of Mr Reagan's tax cuts and planned defence build up.

It is true that the financial markets now frequently react perversely to news of an increase in the money supply and push interest rates up, in expectation of a squeeze to come, rather than letting them fall in response to the additional supply of credit.

But this is because the increase is expected to be temporary.

There seems little doubt that the Federal Reserve Board under its present chairman Mr Paul Volcker will try very hard to hit its target range of 2½ per cent to 5 per cent for M1-B this year, even if it means another round of high interest rates and further rises in unemployment, so any bulge in money is likely to be reversed.

The Fed's commitment to this policy, officially backed by the Reagan Adminis-

tration, may not share the monetarist conviction that controlling the money supply is the one and only way to lower inflation, nor believe that this way of fighting inflation is painless. But he does appear to be convinced that his tight control of money will help in the inflation fight, and that this fight should not be abandoned because of its cost in lost output and employment.

However, even the pessimists did not expect rates to start climbing again from such a high level, and while the economy is still in the depths of recession, although the prime interest rate has come down quite substantially from a peak of 20.5 per cent last summer to 15.75 per cent, long term rates are now back to close to last year's peaks, new Treasury bills are 12.5 per cent, up 2 percentage points from their December lows, while mortgage rates are still over 17 per cent. If there is no further decline, particularly in mortgage rates, then the hoped-for recovery may not even materialize, let alone be vigorous enough to reduce unemployment.

Senior Fed officials think that the fall in short term rates could well be over already. They are believed to be puzzled by the acceleration in the money supply late last year. When the economy is weakening, as it was in November and December, money expansion usually slows as loan demand falls off. But unless the next few weeks bring a quick reversal of the trend, the Federal Reserve is set to tighten up again on the supply of credit to the markets.

Even without the incentive of apparently surging money growth, the Fed was thinking of putting on the brakes.

Senior officials apparently were wary of letting rates fall too sharply and thus risking a repeat of 1980. In that year there was a steep drop in the economy, accompanied by such a swift decline in interest rates that the economy bounced back sharply, and rates soon started to climb again. The money supply also accelerated rapidly in the recovery.

The Fed did not relish the thought of a very rapid recovery spurred by lower interest rates running into a severe money constraint and sharp rises in interest rates just before the congressional election in November of this year. Officials preferred the prospect of a slow and gentle recovery, perhaps accompanied by still-declining long term interest rates, and improving inflation.

Some observers believe that this may still be possible. Long term interest rates do not yet reflect the slowdown in inflation in the last year, they say, and so could fall substantially when the market finally recognizes that underlying inflation is only about 8 per cent to 9 per cent.

But a gentle recovery would not do much to bring down unemployment from its present rate of nearly 9 per cent.

Lloyds Bank Interest Rates

Lloyds Bank Limited has reduced its Base Rate from 14.5% to 14.0% p.a. with effect from Monday, 25th January 1982.

Other rates of interest are reduced as follows:

7-day-notice Deposit Accounts and Savings Bank Accounts — from 12.5% to 11.5% p.a.

Special Savings Plan — from 14.5% to 13.5% p.a.

The change in Base Rate and Deposit Account interest will also be applied from the same date by the United Kingdom branches of

Lloyds Bank International Limited
The National Bank of New Zealand Limited

Lloyds Bank Limited, 71 Lombard Street, London EC3P 3BS.

TSB BASE RATE

With effect from the close of business on Monday, 25th January, 1982 and until further notice TSB Base Rate will be 14% per annum

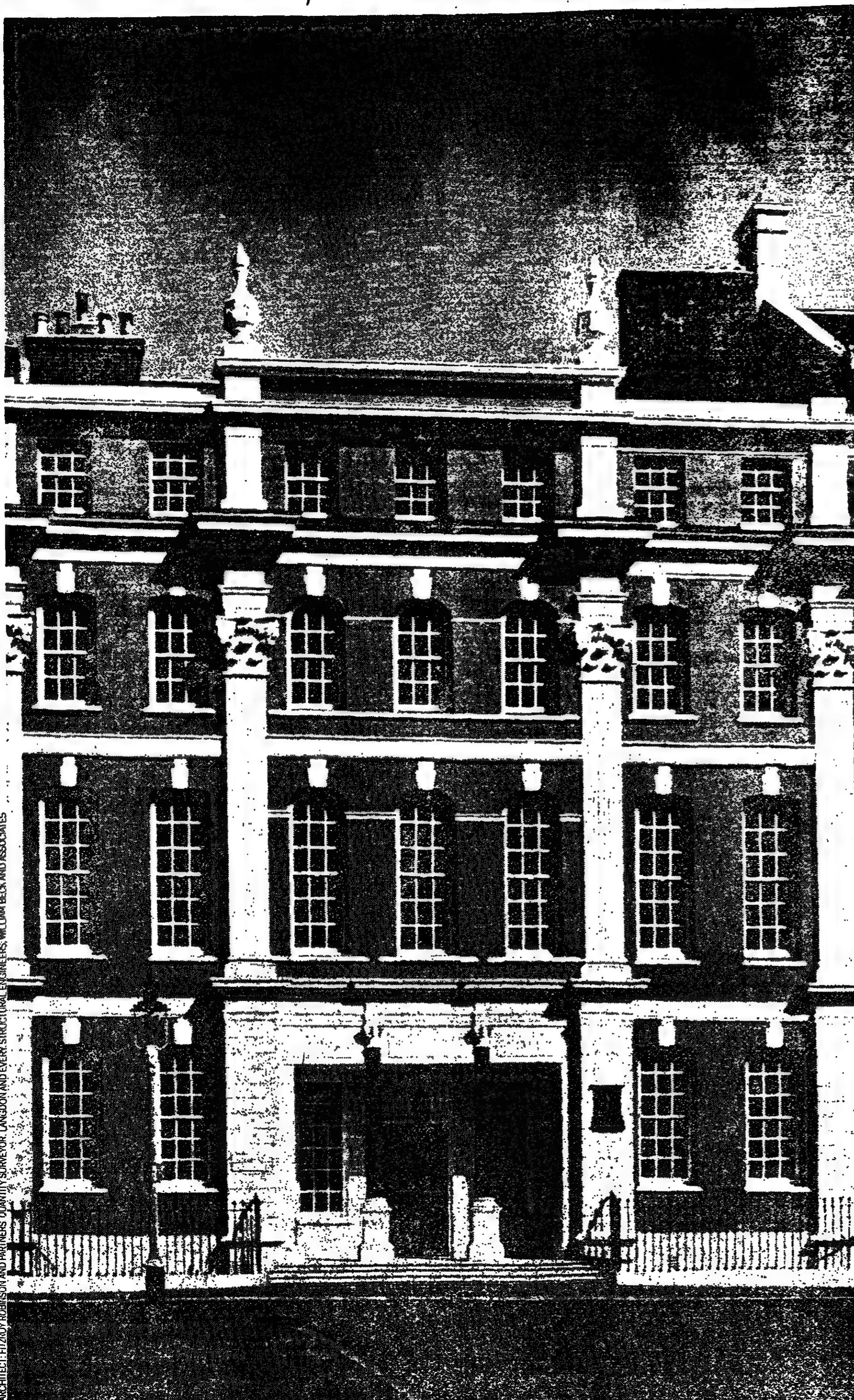
TSB

TRUSTEE SAVINGS BANKS

Central Board,

P.O. Box 33, 3 Copthall Avenue, London EC2P 2AB.

WATES INTRODUCE THE 18th CENTURY OFFICE BLOCK.



ARCHITECT: FITZROY ROBINSON AND PARTNERS. QUANTITY SURVEYOR: LANDON AND EVERY. STRUCTURAL ENGINEERS: WILLIAM BECK AND ASSOCIATES.

Number 43 King Street, Covent Garden had had a long and varied history when Wates Special Works first set eyes on it.

It began in 1717 as the fashionable town house of Lord Orford, a nephew of the Duke of Bedford, designed by the famous architect of the time, Thomas Archer.

By the early 19th century, it acquired fame as the home of Evans' Supper Rooms, where the blades of the period gathered for late night 'song and supper' entertainments.

Around the turn of this century, it became the National Sporting Club, where enthusiasts cheered at boxing matches.

Then in 1929, it became the office and warehouse of a Covent Garden fruiterer.

It was in a sorry state when Wates Developments bought it, and decided to restore it to its former splendour.

Our Special Works company restored the impressive porch, and the grand salon on the first floor (listed as being of historic interest) and retained its finely decorated ceiling and its cut-glass chandeliers.

We put in a new lift, central heating, and all the complicated services needed in a modern office building.

We also carefully restored the facade, the architect taking into account the historic importance of the building.

In 10 months, we had turned an 18th century slum into an elegant and functional office building with 11,500 square feet of modern floor area. It was let almost immediately.

It's just one of the many refurbishing works that Wates are doing in London today.

From 18th century listed buildings to huge office blocks like Unilever House near Blackfriars bridge.

We think it makes London a more enjoyable place to work in.

And to live in. **wates build with care**



Stock Exchange Prices

Capitalization and week's change

ACCOUNT DAYS: Dealings Begin, Today. Dealings End Feb 12. Contango Day, Feb 15. Settlement Day, Feb 22.

6. Forward bargains are permitted on two previous days

(Current market price multiplied by the number of shares in issue for the stock quoted)

Price, China, Current 2-1

Stock market trading		Price		Chg		Int		Gross		Div		P/E		Capitalization		Price		Chg		Int		Gross		Div		P/E		Capitalization		Price		Chg		Int		Gross		Div		P/E		Capitalization		Price		Chg		Int		Gross		Div		P/E																
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- Ex dividend. a Ex all. b Forecast dividend. c Corrected price. e Interim payment passed. f Price at suspension. Dividend and yield exclude a special payment. g Bid for company. h Pre-merger figures. i Forecast earnings. j EPS capital distribution. r Ex rights. s Ex scrip or share split. Tax free. t Price adjusted for late dealings. . . No significant data.

Underdogs have their day in the Cup

By Stuart Jones
Football Correspondent

—Tottenham Hotspur won the FA Cup in the Chinese year of the cockerel that came to an end yesterday. Today marks the start of the year of the dog, the underdog that may be. Of the 19 survivors in the fifth-round draw to be made today, only six are from the first division, six from the second, and six from the fourth.

Of those Liverpool and Spurs are also involved in Europe, so are Aston Villa, who struck the cruelest of blows at Ashton Gate on Saturday, Shaw's lone effort having come 10 minutes left. It was a shot that denied the financial rewards to be gained from a replay it was Bristol City whose future is to be decided this week.

Curiously enough the 10 second division representatives are mostly from the lower half of the table. Grimsby, with only one league victory to their credit, were successful at Newcastle United, who have won twice as many. Indeed, they scored all three goals themselves, Kilmore and Dukhaili putting them two and before Croby beat his own goalkeeper, Wrexham, also down at the bottom, earned another chance after drawing at Chester.

To the manager, Ian Greaves, said after the match: "It's a fairy story for us. If Maxwell had not come in the paddocks would be on now at the ground and we would all have been sitting around at home today watching the television." What Oxford's young and eager team did instead was to dominate Brighton in a way that was embarrassing. They achieved it by the unlikely route of an amateur team from a lower division of all-out attack. To help them succeed with this aim, they had Keith Caselli, aged 24, a former England youth international, who unthanked the Brighton defence.

At the end, as the Oxford supporters, peered in their right-hand corner, saw the last goal scored, Caselli ran a lap of honour of his own, ending with a handshake for the referee. To their credit, the disgruntled home supporters failed to abuse him and his colleagues.

Source: *A History of Watford*.

Watford gap is narrowing

By Clive White
Watford 2

WATFORD: S. Moseley; P. Shanks, G. Gaitling, J. Neal, A. Ritchie, G. Smith.

OXFORD UNITED: M. Burton; J. Povey, P. Foy, W. Jeffreys, J. Briggs, G. Caselli, A. Thomas, T. Smither.

Referee: A. Hinchliffe (Warrington).

Score: 1-1 (Hinchliffe, 10 mins); 2-1 (Moseley, 45 mins).

Attendance: 15,000 (Watford).

Match report: *Watford 2-1 Oxford United*.

Law Report January 25 1982

Tax avoidance scheme fails

Pilkington Brothers Ltd v. Commissioners of Inland Revenue. Refusing to grant relief to group of companies, the court held that the company should be treated as not being a member of the group for the purpose of setting up the group structure. It was immaterial that the voting control of Pilkington was with the shareholders before the question relating to the group structure arose.

Mr. S. A. Stander, QC, Mr. C. H. McCall, Mr. Robert Cartwright for the Crown; Mr. C. N. Beattie, QC and Mr. C. J. F. Sokol for Pilkington. (Speeches delivered January 21)

A tax avoidance scheme designed to provide Pilkington Brothers Ltd with group relief from corporation tax by purchasing surplus capital allowances from a shipping company in the Furness Withy Group did not achieve its object. The scheme did not succeed in attracting company group relief under the provisions of the Income and Corporation Taxes Act 1970 because it failed to circumvent all the restrictions on that relief imposed by the Finance Act 1973.

The House of Lords said that Lord Wilberforce and Lord Russell (dissenting) in allowing a "leapfrog" appeal by the Crown from a decision of Mr. Justice Nourse (The Times, December 23, 1980; [1981] 1 WLR 781) that had allowed an appeal by the taxpayer company, Pilkington Brothers from the tax commissioners and had held that the scheme of section 28(1)(b)(ii) did not provide the company with group relief from corporation tax under the 1970 Act was not denied to Pilkington by the Finance Act 1973 and in particular by section 29(1)(b)(ii) of that Act.

In 1974 Manchester Liners Ltd, a member of the Furness Withy Group of shipowners, put a proposal to Pilkington to enable them both to benefit by utilising the tax relief available arising from the purchase of a container ship. Manchester wanted a new ship; by simply commissioning and paying for building it, last year alone, the group would have considerably exceeded the group tax liability. The proposal would be advantageous to Pilkington by reducing their liability to tax by the purchase of Manchester's excess allowances at a discount.

The scheme involved making use of two dormant subsidiaries of Pilkington, Hello TV and Villamoor. Manchester had a subsidiary, Golden Cross, which traded as a carrier. In 1974 both Hello TV and Villamoor amended their objects to carry on business as general investment holding companies. Villamoor's two issued shares were re-assigned as 75 per cent shares and two more ordinary shares designated as B shares were issued for cash to Manchester. Golden Cross' articles of association were amended.

The results of those arrangements were that (i) Manchester together with Pilkington had equal shareholdings and equal voting rights in Villamoor; (ii) Pilkington had the shares and voting rights in Hello TV and (iii) Hello TV and Villamoor had equal shareholdings in Golden Cross, Hello TV having twice as many votes but no preponderance of voting power because of the two votes reserved to be approved by both Hello TV and Villamoor.

Under a sale and purchase agreement dated September 30, 1974, Manchester agreed to sell half their shareholding in Golden Cross to Hello TV and half to Villamoor, those two companies being placed in a deadlock situation with regard to the control of Golden Cross.

The scheme at no time required any amendments to be made to either Pilkington's or Manchester's articles of association.

By a further agreement of September 30, 1974, Golden Cross contracted to buy a containerised cargo vessel and containers at a basic price of £11,070,000. This was to be the continuation of a group service agreement dated December 31, 1974, under which for accounting periods ending March 31, 1975 to 1977, Golden Cross would claim capital allowances on the amount sufficient "available loss" not exceeding £13m for companies in the Pilkington group and that such companies would pay Manchester 87/4 per cent of the corporation tax thereby saving.

The court had been told that the scheme was to effect a saving to Pilkington of corporation tax at 52 per cent of £6.76m. Accordingly, had it succeeded, the group would have paid £5.91m to Manchester and retained a saving of £245,000 for themselves.

Section 258 of the Income and Corporation Taxes Act 1970 provides for company group relief for trading losses and other amounts arising from corporation tax relief.

The Finance Act 1973 provides by section 29(1): "If, apart from this section, two companies (in this section referred to as 'the first company' and 'the second company') would be treated as members of the same group of companies and — (a) in an accounting period which ends on or after March 6, 1973 — (b) arrangements are made by virtue of which, at some time during or after the expiry of that accounting period, (ii) any person has, or would obtain, control of the first company, and (iii) the second company together have or could obtain, control of the fact that the question to which section 29(1)(b) (ii) would be allowed and the determination of the commissioners re-stated.

Lord Fraser, agreeing with Lord Bridge, said important persons together have or could obtain, control of the fact that the question to which section 29(1)(b) (ii) would be allowed and the determination of the commissioners re-stated.

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His Lordship said that in the stage of seeking leave, and the solicitors, Clyde & Co., Ingledew, Brown, Benson & Garret, for Altrams, said that in the first instance there should be an application for leave.

Hearing leave to appeal

For Line A&B v Altrams Group of Canada

Before Mr Justice Bingham

Judgment delivered January 20

Mr Justice Bingham is the Commercial Court of the Queen's Bench Division sitting that is general. The court has strongly discouraged applications to convert applications for leave to appeal into full appeal hearings, and it was very undesirable that there should have been any doubt over the correct practice in the matter.

Mr Justice Bingham, QC, and Mr. Michael Brigandine for Line A&B; Mr. Stephen Tomlinson for Altrams.

His Lordship said that in the first instance there should be an application for leave.

Secretarial and Non-secretarial Appointments

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Mr Beattie, the author of the scheme, had no part in those arrangements, they were not consulted. Could one then add in, as arrangements, those made by which these shareholders were held in accordance with the language of section 29(1) itself, they could not prevail over the express language of (b)(ii) which defined the group structure? His Lordship did not think so. The sub-section was directed to the group structure, including the group of companies and the shareholders had no part in those arrangements, they were not consulted. Could one then add in, as arrangements, those made by which these shareholders were held in accordance with the language of section 29(1) itself, they could not prevail over the express language of (b)(ii) which defined the group structure? His Lordship did not think so. The sub-section was directed to the group structure, including the group of companies and the shareholders had no part in those arrangements, they were not consulted. 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Commercial property by Baron Phillips

Record 'To Let' signs but building goes on

Industrial development and activity is continuing despite rising vacancy rates — factories and warehouse buildings standing empty with King & Co are estimated at a total of 120m sq ft.

According to the latest review of the market from south coast agents L. S. Vail, South Hampshire has the largest total of vacant industrial buildings in memory. Much of the empty property is, however, unsuited for modern industry.

In little over a year the agents report that the amount of empty industrial space available for tenants has grown by about 50 per cent although over the last 18 months the figure jumped by 250 per cent. Vail has 2.25m sq ft of new and second-hand factory and warehouse accommodation on its books while it estimates that the total vacant space in the Solent Corridor is around 3.25m sq ft.

Vail thinks this growth cannot be blamed solely on the recession. Much of the space was in the pipeline 18 months ago and the bulge followed the allocation of more industrial land in the South Hampshire Structure Plan. Even so, the agents claim, there are areas of relative shortages and high demand.

"There is an urgent need for good quality and new industrial development of greater flexibility which will meet the increasingly sophisticated requirements of high technology industry", say the agents.

Vail feels that there must be a greater move towards the science park concept of industrial development which leans towards low density and high landscaping qual-



Tarmac is selling its Rowton Castle property in Shrewsbury through Knight Frank & Rutley. The castle has planning consent for use as a conference centre but it is thought the 11,500 sq ft could be used as a company headquarters building. The accommodation consists of extensive reception rooms, 19 bedrooms, five bathrooms and stands in about 28 acres.

ities where units contain a higher proportion of office content.

Already, there are moves in this direction. Plans for the area's first science park have been laid by Windover Projects, who are proposing a firm scheme in a 47-acre wooded site, to the west of junction 8 of the M27. The development would provide jobs for 1,500 people.

Southampton University wants to develop a 20-acre site at Chilworth Manor with as many as 14 research and development units.

Yet the agents warn against too much Ministry of Defence land finding its way to the market in the wake of the run-down of the Naval Dockyards at Portsmouth. Vail reports that although Portsea Island has suffered from land starvation for years, there is now an adequate supply of serviced industrial land.

□ Richard Ellis and Michael Laurie & Partners report the final letting on the Electricity Supply Nominees 300,000 sq ft Merton Industrial Park. The final unit of 32,400 consisting of warehouse and office accommodation has been leased by George Pryce, a subsidiary of Willsdown Holdings, although the commercial element is being sub-let. Rent is £120,000 a year while the offices are on the market at £35,000 a year.

□ The Grandvista group, part of Equity & Law Life Assurance Society, has acquired a large development site in Munich and is to start

on a 506,000 sq ft office scheme costing about £25m. The site is in the new office area of Neu-Perlach and adjoins the proposed new headquarters building of a major German insurance company. Also several other large institution and companies have undertaken developments in the area.

Despite recession, there has been a fairly buoyant office market in Munich. Take up of office space totalled about 1.5m sq ft in 1980 and just under 1m sq ft last year. There is a lack of new space coming on to the market which leads local agents to believe that there will be further increases in rental levels. Zedelhoff Deutschland, in association with John F Morgan, and Schauer & Scholl acted for Grandvista in the acquisition and are joint letting agents for the development.

□ A £2m land reclamation deal, reckoned to be one of the largest developments in the Bournemouth and Poole area, will provide about 600 homes on the 73-acre Bear Wood site. The estate will be developed jointly by Dare Developments, a Dare's Estates subsidiary, and Comben homes.

Finances have been arranged for 100,000 sq ft of offices being project managed by Ronald Lyons' Arunbridge Estates on the Olympic Way, Wembley, development. The scheme forms part of one of the largest suburban developments in the London area and will eventually lead to more than 300,000 sq ft being constructed on the site. Michael Laurie & Partners and Knight Frank & Rutley have organized the funding.

Goddard & Smith

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C.H. Williams, Talhar & Wong Sdn. Bhd.

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1023 West Broadway, Vancouver, B.C. V6H 1E2.
Bangunan Ingenieur, Jalan 52/4, New Town Centre, Petaling Jaya, Hong Kong Bank Building, Jln. Mahkota, Kuantan.
450-A Tingkat Satu, Bangunan Chartered Bank, Jalan Raja, Alor Star.
4745 Bagan Luar Road, Butterworth.
Jalan Banggol, Kuala Trengganu.
Lai Piang Kee Building, Jalan Satu, Sandakan.
No. 9 Jalan Song Thian Cheok, PO Box 2234, Kuching, River Road, Kampong Dagang, PO Box 1121, Miri.
101 Jalan Ampang, PO Box 2157, Kuala Lumpur 04-05.
35 Green Hall, PO Box 1161, Penang.
Bangunan Madonna, Riverside, Malacca.
Bangunan Luth, Jalan Segget, PO Box 320, Johor Bahru.
198 Jalan Sultan Idris Shah, Ipoh.
Kompleks Niaga Luth, Jalan, Dato Pati, Kota Bharu.
Jalan Rahmat, Batu Pahat.
Chartered Bank Building, PO Box 1993, Kota Kinabalu.
Yong Yun Building, PO Box 655, Tawau.
No. 2 Jalan Kampong Nyabor, Sibu.
Hong Kong Bank Chambers, Jalan Chevalier, Bandar Seri Bangawan, Brunei.

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Jewish zealots resist Sinai evacuation plan

From Christopher Walker, Sharm el Sheikh, Jan 24

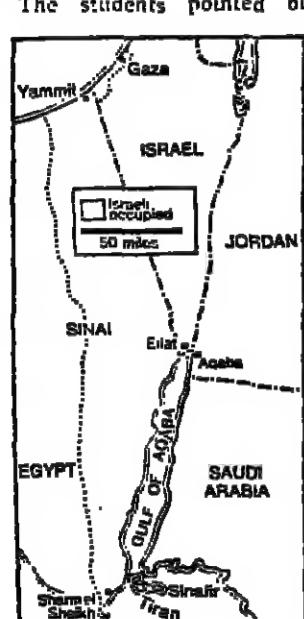
Militant Jews opposed to the final withdrawal from occupied Sinai have extended their campaign from the Mediterranean town of Yamit to this Red Sea resort. Sharm el Sheikh is the second-largest Israeli outpost in the 12,000 square-mile area, which is due to be evacuated by April 26.

Unhindered by Israeli troops manning a permanent road block on the single desert road into the town, more than 40 religious students have arrived from the north, and set up a makeshift college in two abandoned factory buildings close to the big naval base.

Most of the new arrivals are males in their late teens, who wear knitted skull caps and share a passionate belief that Ophira (the Jewish name for Sharm el Sheikh) is part of the biblical land of Israel. Their infiltration into abandoned blocks of flats in the cliff-top town was organized by the extremists. Stop the Withdrawal from the Sinai Campaign.

As women prepared food in metal pots, one protester, Mr Yitzhak Lehman, a prospective rabbi from Jerusalem, told me: "We are here to see that this land remains Israeli after April 26. We believe that, if enough people follow our example, Mr Begin will have the courage he needs to call off the Israeli retreat."

The students pointed out



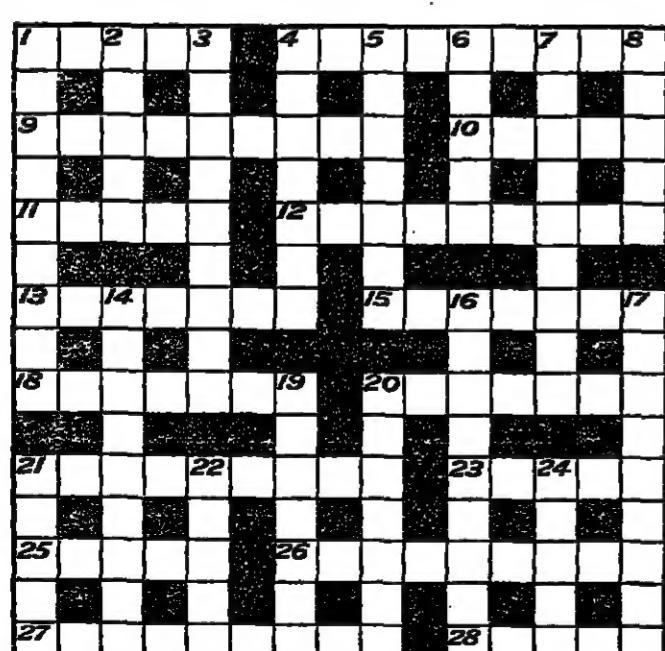
Today's events

Royal engagement Princess Alexandra attends charity fashion show by Hana Mori, in aid of the Mental Health Foundation, at Japanese Embassy residence, Kensington Palace, 10.30 to 5.30. **Exhibitions** Andy Warhol: *Portrait screen prints*, 1955-80, Gloucestershire College of Arts and Technology, Cheltenham, 9.30 to 5.

Bird art exhibition by American, Canadian and British artists, Royal Scottish Academy, Edinburgh, 10 to 5. **Books** Beatrix Potter in Scotland, Aberdeen Art Gallery, James Dun's House, Schoolhill, Aberdeen, 10 to 5. **Art** Alice, exhibition of characters from Lewis Carroll's *Alice in Wonderland* and *Through the Looking Glass*, Centre Hall, Glasgow Art Gallery, Glasgow, 10 to 5. **Old Master drawings** by Willem

van de Velde the Elder and Younger, Sotheby's, Torgau, Rainbow, 10 to 4.30. **Paintings** (1), Boudin (2), Picturesque Landscapes (3), National Gallery, 1. **Music** The evolution of the Triptych, by Lady Mary Rose Beaumont, Ian Birkett Gallery, 37 Great Russell Street, W1, 6.30 to 7.30. **Music** Voices of the famous, a concert introduced by John Amis, Warwick High School Hall, Warwick, 10.30 to 12.30. **Music** Old Master drawings by Willem

The Times Crossword Puzzle No. 15,738



ACROSS
1 Insert key in this and turn — makes sense (5).
4 Supreme horse from Brazil? (9).
9 Thick slices of bread passed over by guests (9).
10 Order to enter notes of proceeding (5).
11 Fresh dairy produce in Monmouth (5).
12 Decoration makes club peevish (4-5).
13 Perhaps name successor in speech (7).
15 Get up late for examination, perhaps (7).
18 Plants a town in Wiltshire, it's said (7).
20 Calm and peaceful filer (7).
21 Member of the RA for silvery figures (9).
23 Confused noise from child learner (3).
25 Put money in confectionery works (5).
26 Not entirely a scab, it seems, this Indian? (3).
27 Satisfied with short story. Dent reprimed (9).
28 Bobby Warner's character? (5).

Church music

Chichester Cathedral: Tomorrow, Mike Neville (organ), 1.10 pm. London Ringers, 2.30 pm. Tomorrow, London Ringers Singers and Orchestra, 8 pm. St Paul's Cathedral: Jan 29, Maria Blyth (organ), 12.30 pm. Free Church Centre, St Paul's Cathedral, 1.30 pm. Folk concert by Janice Harvey, 7.45 pm. Peterborough Cathedral: Jan 30, Orchestral concert, 8 pm. Bedford School Chapel: Jan 31, Bedford School Chamber Orchestra, 8.15 pm.

Bond winners

Winning numbers in the weekly draw for Premium Bond prizes are: £100,000 winner: 2621439; £50,000 winner: 7AN 495431 (South Humberside); £25,000 winner: 15KK 530272 (Camden, London).

The Solution of Saturday's Prize Puzzle No 15,737 will appear next Saturday



Dartmoor sheep come in from the cold

As the temperature plunged and Dartmoor disappeared under several inches of snow, Mr Tony Stevens, a sheep farmer, (above centre) set about removing the thick woollen coats from his 1,000 breeding ewes (Craig Seton writes).

It is the second winter on Berry

Farm, at Petrockstow, near Okehampton, Devon, that the animals have lost their protection when they would seem to need it most; but Mr Stevens is impressed by a practice which has been common in Scandinavia for centuries and is catching on in the South-west.

He is housing his ewes for the critical winter period before lambing, and by shearing he reduces the animals' bulk thus creating 20 per cent more space.

Helping him is Mr John Huxtable (above right), a professional shearer from Barnstaple, Devon.

New line of inquiry into rail dispute

Continued from page 1

General secretary of the National Union of Railways, who also made a thinly concealed criticism of Aslef's refusal to accept the proposal for binding arbitration. They will discuss the possibility of stopping Sunday pay for members of NUR and the Transport and Salaried Staffs Association if the dispute continues.

Sir Peter said yesterday that while British Rail would not

end the Sunday payments in a

strikes is estimated at £1,250,000 per weekend and British Rail is likely to decide tomorrow's board meeting that it cannot afford to continue paying workers not directly involved in the dispute on Sundays, which are worked as overtime for payments of time and three quarters.

Sir Peter said yesterday that

while British Rail would not

end the Sunday payments in a

stupid or arbitrary way it

needed to apply "the tourniquets" to prevent the railways bleeding to death".

Mr Weighill, whose union has accepted flexible rostering on behalf of about 60,000 guards, said yesterday that he was "fed up to the back teeth" with the dispute.

News International said yesterday that virtually no copies had failed to reach their destinations as a result of the dispute.

British Rail is not expected to discipline the drivers involved in the blacking since it effectively agreed to run the trains from King's Cross without the newspapers on board rather than not run trains at all. Aslef branch members at King's Cross had threatened to strike if disciplinary action was taken.

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